

JPRS-NEA-92-126  
29 SEPTEMBER 1992



FOREIGN  
BROADCAST  
INFORMATION  
SERVICE

# ***JPRS Report—***

## **Near East & South Asia**

---

**PAKISTAN**

DTIC QUALITY INSPECTED 2

**DISTRIBUTION STATEMENT**

Approved for public release;  
Distribution Unlimited

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA 22161

19980120 069

# Near East & South Asia

## PAKISTAN

JPRS-NEA-92-126

### CONTENTS

29 September 1992

#### POLITICAL

##### International Affairs

Analyst Calls For 'Radical Change' in Foreign Policy [DAWN 28 Jul]	1
--	---

##### Regional Affairs

JUI Said Involved in ASSP Sectarian Attacks [THE FRIDAY TIMES 29 Jul]	2
Kashmiri Militant Leader Interviewed on Prospects [ZINDAGI 25 Jul]	3

##### Internal Affairs

Middle Class Said To Have 'Fascist Tendencies' [THE FRONTIER POST 1 Aug]	4
Journalist Ridicules Changes in Information Ministry [THE FRIDAY TIMES 29 Jul]	6
Labor Policy Seen Used by Sharif To Garner Votes [THE NATION 25 Jul]	8
Relations Between Sharif, Khan, and Nawaz Examined [ZINDAGI 25 Jul]	9
Nationalism Reviewed, Redefined [DAWN 31 Jul]	11
Confusion Said To Envelop Sindh as Operation Continues [THE MUSLIM 29 Jul]	14
Sharif, Khan Said To Oppose Military Victory [JANG 16 Jul]	16
Sindhis Said To Welcome Military Deployment [THE FRIDAY TIMES 29 Jul]	16

#### ECONOMIC

Economic Climate Viewed With Pessimism [DAWN 2 Aug]	18
Government Said Misusing Foreign Currency Accounts [THE FRONTIER POST 1 Aug]	18
Minister Claimed Lying About Foreign Exchange Reserves [THE NATION 27 Jul]	20
Economist Suggests Measures To Offset Trade Imbalance [DAWN 1 Aug]	21
Foreign Deficit Said Increasing Despite Reforms [DAWN 1 Aug]	22
Economic Growth Said Thwarted by Inflation [DAWN 30 Jul]	24
Privatization of Tax System Criticized [THE NATION 25 Jul]	25
Sincere Effort at Economic Development in Sindh Urged [DAWN 16 Jul]	26

#### SOCIAL ISSUES

Majority of Laborers in Carpet Industry Said To Be Children [THE NATION 24 Jul]	28
Child Labor Said Prolific in Agriculture [THE NATION 24 Jul]	29

## International Affairs

### Analyst Calls For 'Radical Change' in Foreign Policy

92AS1416G Karachi DAWN in English 28 Jul 92 p 11

[Article by M.B. Naqvi: "Revamping Foreign Policy"; italicized words as published]

[Text] Outlook for Pakistan's relations with powers that matter more—the United States and India—is not bright. Anyway, after 45 years, three wars, plenty of tensions, adversarial relations with many powers and so many frustrations, the time has come for reviewing the foreign policy.

Before formulating new objectives, we should pinpoint the inadequacies or even inappropriateness of the objectives pursued so far. The primary objective set was preserving an *acceptable* balance of military power between India and Pakistan, mainly on land and in the air. Pursuit of justice in Kashmir with a view to getting Indian military occupation of the State vacated was the second. Third was ensuring foreign economic and military aid maximally.

A fourth was pursued in a fitful and selective way: while Pan Islamism's goals were never out of mind, the chosen means for their approximation have kept shifting. In recent years, the hard objective was installation of a friendly government in Kabul. First a "Strategic Consensus" (involving Iran, Afghanistan and Pakistan) was predicted on it and now it is the cornerstone of an Islamic bloc comprising the five Central Asian states, Iran, Afghanistan and Pakistan (also Turkey if its own designs of Pan-Turkic alliances permit).

Regarding relative military strengths of India and Pakistan, a few facts are notable. Although both governments continue moaning about economic conditions not being able to sustain an arms race, they are doing little else. A slow-down in both countries is certainly visible due to financial stringency and emergent causes. But a freeze, let alone cut-backs, is not in sight. Pakistan is looking for a feasible balance of power and India wants to frustrate this design by remaining several stages ahead. What is the balance that Pakistan desires? Is it achievable?

In theory, both questions are absurd: there is no point at which two suspicious adversaries can agree that a satisfactory balance has been achieved. Two opposing armies almost never agree on what precise power equation actually obtains at any time. It is a question of definitions of what exists. Would they concur on a desired balance? It is unlikely. Nor would either desist from improving its position.

However, Pakistan is steadily falling behind, with India relentlessly increasing the differential. Time was when a power ratio of 3 to 1 was all things considered, desired. Later Pakistanis tacitly downgraded it to 4 to 1. Where we are now is uncertain: Indians regularly exaggerate

Pakistani capabilities, understating their own; Pakistani generals return the compliment and overestimate Indian strength at their own expense—a game played everywhere for bigger budgets.

One thing is certain: thanks to larger resources, Indians can go on outspending Pakistan. The balance—an ephemeral thing at the best of times—can only go on deteriorating for Pakistan. Nothing much can be done about it in the short run. If the arms race continues, both will go bust before too long. But Pakistan economy might collapse earlier. The trend cannot be reversed without (a) ending the arms race and (b) reorienting major policy objectives.

Kashmir has been the dearest objective: India must vacate its military hold over the Kashmir Valley—which is what a Pakistani understands by Kashmir. Before 1971, Pakistan fought three wars with India, two directly for Kashmir. The 1971 war and Simla Accord changed the perspective: Kashmir dispute was put on the back burner and the policy was to normalise and improve Indo-Pakistan relations. Its results are mixed: it left Kashmir in a limbo without quite freezing it but did keep the peace for 20 years. No improvement in bilateral ties with India could be achieved, not even normalisation.

But since 1990, Kashmir has produced a sort of Intifada. Pakistanis have enthusiastically supported it and the Kashmir dispute has swung back to the centrestage, creating dangerous tension: Indians are accusing Pakistanis of gun-running and aiding and abetting insurgencies in Punjab and Kashmir. They loudly accuse Pakistan of being a terrorist state, promoting terrorism in a neighbouring state. Pakistan, in reply, is highlighting Indian violations of human rights.

Both these propaganda campaigns have partially succeeded. Most of the West is warning India about its human rights record. The Pakistani disclaimers about providing arms, money and support to insurgents in Punjab and Kashmir are not being believed. But the United States no longer shows displeasure about human rights in Kashmir and has stepped up pressure on Pakistan to stop helping Indian terrorists. U.S. threats include declaring Pakistan a terrorist state, to be dealt with accordingly—thus making the sole superpower less than friendly.

In view of the improving bilateral Indo-U.S. ties the outlook for Pakistan's Kashmir policy has worsened: Kashmiri insurgents are pitted against the full might of Indian Army and few expect them to win. If the going gets rough a fourth Indo-Pakistan war cannot be ruled out.

Third larger objective was securing foreign aid nominally for development, though it quickly became a means for sustaining an unrealistic military establishment. On this count, the Foreign office can claim some credit that a military establishment, notable in South Asia (after India's) has been sustained so long. By now foreign aid means American military aid. That has, however, died.

A certain degree of economic development has also been financed from foreign funds—a plus point. The question whether Islamabad has made the optimal use of foreign resources cannot be answered positively: There were far too large leakages.

Finally, the objective of promoting Pan-Islamic ideals has continued to change materially in terms of its means of objectives. One ignores the unworthy use of Islamic-solidarity sentiment involved in Baghdad Pact. But look at recent times: Exigencies of Afghanistan situation and Saudi-Iran cold war resulted in misunderstandings between Pakistan and Iran in the first instance and temporarily between Pakistan and Saudi Arabia. The idea of "Strategic Consensus," insofar as it includes Iran, seems to have fallen by the wayside.

But Afghanistan policy is now the cornerstone of creating an Islamic block comprising the Central Asian Republics (CARs) and ECO [Economic Cooperation Organization] members. Insofar as the original ECO is concerned, all three members appear to entertain different designs vis-a-vis CARs. Turkey favours Pan-Turkic alliances and organisations of economic cooperation and cultural contacts.

Iran wants to create a more nationalistic and a language-based grouping, particularly with Azerbaijan, Turkmenistan and parts of Afghanistan. Pakistani actions, seen objectively, make a more down-to-earth and rational pattern, if also over with Pan-Islamism being no more than a predisposing sentiment. Islamabad is trying to consolidate its influence in Kabul, unify and open up the country for international transit trade of CARs, with whom it is busy entering into bilateral economic and trade deals.

The success of Pakistan's strategy will hinge on Afghanistan's unity being consolidated in the first instance—an uncertain proposition. Secondly, it would depend on the needs, capabilities and resources of Pakistan, on the one hand, and those of the five CARs on the other. Meanwhile, the rest of the OECD [Organization of Economic Cooperation and Development] countries are also trying to preempt the CARs markets, offering their capital, technology, trade and development expertise.

To sum up, all the Pakistani formulations of objectives (including the methodology envisaged for achieving them) have run up against a blank wall—mainly of Pakistan's own economic shortcomings including even the policy vis-a-vis CARs. But, far and away, the clutch of India-related policies—maintenance of power balance, Kashmir, relations with the United States, nuclear deterrent and foreign aid—need a drastic change. A radically new orientation—a painful mental effort—favouring peace, regional cooperation, free trade, demilitarisation and economic development is needed. Insofar as the current Pan-Islamic goals are concerned, they need to be informed with economic realities and actual development plans, if any.

## Regional Affairs

### JUI Said Involved in ASSP Sectarian Attacks

92AS1418B Lahore THE FRIDAY TIMES in English  
29 Jul 92 p 6

[Article by Farooq Qazi: "JUI (Jamiat-i-Ulema-i-Islam) Drags Itself Into Sectarian Net"]

[Text] As Peshawar limps back to peace and normality, police sources fear that several hundred armed activists of the Jamiat-i-Ulema-i-Islam (JUI) may have gone underground. "There's no telling how many of them went underground, but it may have been any number short of a thousand," a senior police officer told TFT.

The JUI is the main suspect in the Moharram 10 rioting in Peshawar, which killed 14 and injured another 35 following clashes between armed Shia and Sunni activists. Though no official statement to this effect has been issued so far, sources in the provincial administration claim that the rioting was anything but spontaneous and that "the JUI appeared to be present in unusual numbers" in the riot-affected areas.

A day after sectarian violence broke out at Kohati Gate in Peshawar, British newspaper GUARDIAN Pakistani officials as saying that the Indian intelligence agency RAW [Research and Analysis Wing (Intelligence Agency)] may have had a hand in instigating the riots. [sentence as published] "That is always a possibility but we are not sure. What we do know for sure is that it was preplanned," said a senior police officer when contacted by TFT.

Police investigation into the riots have so far centered around the timing of the clashes. According to newspaper reports, the rioting broke out at 6:00 p.m. when a tazia procession reached a mosque called Abubakr Siddiqua in Kohati Gate. This mosque is controlled by the JUI and recently, the Anjuman Sipahe Sahaba Pakistan (ASSP) has also opened a regional office in it. Like the Bab e Omar in Jhang, Masjid Siddiqua is a major sectarian flashpoint in the NWFP [North-West Frontier Province].

The city's main tazia procession passes in front of this mosque every year. The walls of the mosque are painted with slogans in praise of Amir Muawiya, whom the Shias accuse of killing Imam Hussain (raa [expansion not given]). Last year, local Shia leaders had reached an understanding with the administration that they would restrain their workers in reaching the mosque provided the administration covered up the objectionable slogans. The administration had covered the mosque's walls with huge Pakistani flags at the time the tazia reached there.

This year, however, the mosque's walls were left uncovered for reasons best known to the administration. According to the agreed plan, the tazia was supposed to reach the mosque at 6:30 p.m. after most of the Sunnis gathered in the mosque for their late afternoon prayers

were to leave. The JUI-ASSP ulema claim that the procession was allowed to reach the mosque ahead of schedule because of which the Sunnis could not get away in time. They also accuse the processionists of firing on the mosque.

However, police sources claim that the JUI-ASSP had held some of their activists back after the people offering their prayers had left the mosque. These activists had been raising objectionable slogans when the tazia arrived on the spot, which led to clashes. Later, some Shia activists returned to the spot, ransacked the mosque and set fire to the ASSP's office furniture.

The police version is also substantiated by the pattern of the subsequent rioting. The next day, on Moharram 11, JUI activists ran amok in the city setting ablaze shops owned by Shias. They also burned down three cinemas, including the one owned by the ANP's [Awami National Party] federal railways minister Haji Ghulam Ahmed Bilour. "Why would the ASSP burn down cinemas, especially when they are not even owned by a Shia?" asks one police source.

This is indeed a legitimate question. The ASSP concentrates only on the anti-Shia theme. As a matter of policy, it does not concern itself with vulgarity, an issue it leaves to parties like the Jamaat, the JUI and the JUP [Jamiati-Ulema-i-Pakistan]. Besides, according to police sources, JUI workers had twice before tried to burn down Haji Bilour's cinemas. In the last two elections, the Haji's cinemas had come under severe verbal attacks from JUI leaders in their campaign meetings; they accused the Haji of showing indecent movies in his cinemas.

"In a way, the Moharram 10 rioting may help the administration in the long run," says a government servant in Peshawar. "This rioting has clearly demonstrated that there is no difference between the JUI and the ASSP."

If this is true, then the JUI may be in big trouble. The ASSP had started off as a sub-organisation of the JUI but its chief, Maulana Fazlur Rehman, had publicly dissociated his party from the ASSP once Jhangvi's venomous sermons became public. Police sources say that dissociation may have been for public consumption only and that the JUI may have continued lending organisational support to the ASSP. "Now if there's a crackdown on the ASSP, the JUI will have to go as well," says one officer. "By going underground after the riots, the JUI has driven a nail in its own coffin."

#### Kashmiri Militant Leader Interviewed on Prospects

92AS1445B ZINDAGI in Urdu 25 Jul 92 p 46

[Article by Mujahid Mansoori: "This War Is Different From the War in Afghanistan;" an interview with Sayed

Manzur Ahmad Shah, leader of the Jameat-ul-mujaheddin of Occupied Kashmir"; place and date not given]

[Text] Recently, during our tour of the Northern Areas, we met Sayed Manzur Ahmad Shah in his office in Muzaffarabad, capital of Free Kashmir. He is the leader of Jameat-ul-mujaheddin, the second-largest mujaheddin organization of occupied Kashmir. The head of the organization is Professor Abdul Ghani who was recently released from jail along with a number of other leaders.

We were able to learn Sayed Manzur Ahmad Shah's views and feelings about the current situation in occupied Kashmir. He told us that there was a de facto government of the mujaheddin in the occupied valley, which administered the valley according to Islamic principles; cinemas and shops selling alcoholic beverages had been closed down and every Muslim there was in one way or another engaged in jihad. The struggle for freedom had reached a stage from which it could no longer be turned back; God willing, this movement would succeed and India would be forced to leave the valley together with its cruel and oppressive army and its unholy schemes.

Sayed Manzur Ahmad Shah told us that there was a great difference between the wars of freedom of Afghanistan and of Kashmir; foreign aid could reach the Afghan mujaheddin without any difficulty, whereas there was no [easy] way for the needed weapons and aid to be sent to the mujaheddin of the Kashmir valley. The dangerous and difficult route from Free Kashmir to occupied Kashmir requires ten days and ten nights of travel over snow-covered mountains while enduring shortage of food, insects, steep terrain, and fear of being shot at by entrenched Indian troops at any moment. Had it not been for these problems, the occupied valley would have been undoubtedly liberated long ago.

Answering a question regarding aid to the mujaheddin by the Government of Pakistan and the government of Free Kashmir, he said that the government of Free Kashmir had been helping the mujaheddin with financial and moral support from the very beginning; whereas the Government of Pakistan was not doing what it should. During the Benazir term of office, great damage was done to the freedom struggle; the Nawaz Sharif government was not pursuing the Kashmir problem in the United Nations and other organizations as had been hoped. That is why the stand of the mujaheddin in occupied Kashmir and the cruelties of the Indian Army are not reaching the outside world. The newly formed Liberation Front of Iman Ullah Khan is ahead of the mujaheddin in its propaganda and in making known its stand for autonomy. For example, when Iman Ullah announced the long march, the citizens of Saudi Arabia wanted to know why the governments of Pakistan and Free Kashmir, in view of the situation, took the right action in not providing the enemy with an excuse for attack. The fact was that if the government of Pakistan

had not forcibly stopped the long march, the chances of the outbreak of war between Pakistan and India would have increased and that would have ended Kashmir's struggle for freedom.

Sayed Mansur Ahmad Shah said that every day the occupying Indian Army in the valley surrounded a village and lined up all the men; anyone suspected of helping the mujaheddin was shot to death; the Indian Army looted homes and raped the women; it had established torture chambers in various places where the mujaheddin were subjected to unbearable cruelties. In spite of all these atrocities, the Kashmiri mujaheddin had not lost courage and their movement was gaining momentum.

Commenting on the report that after the liberation of Afghanistan, certain Afghan mujaheddin leaders had announced that they would fight in the jihad shoulder to shoulder with the Kashmiri mujaheddin, Sayed Manzur Ahmad Shah said that the Kashmiri mujaheddin respected the sentiments of their Afghan brothers but such a cooperation in jihad was a practical impossibility. The greatest obstacle lay in reaching the border of occupied Kashmir, which required a long journey over difficult terrain in which were the blind shots of the enemy lying in ambush; one had to hide during the day and travel by night [without] a guide. As one looks at the situation in detail, one is forced to applaud the courage and perseverance of the Kashmiri mujaheddin who, without any resources and outside help, have kept their spirits high and continue their freedom movement.

Sayed Manzur Ahmad Shah said that India claimed to be a champion of democracy but had deprived the people of occupied Kashmir of the right to self-determination; India had turned its back on the resolutions of the United Nations and occupied the valley of Kashmir through aggression. In order to crush the freedom movement, India had turned this most beautiful valley in Asia into a veritable hell. The United States was helping the oppressor instead of the oppressed because it was afraid that if occupied Kashmir became free, Pakistan, Afghanistan, Iran and the free countries of Central Asia would unite and enjoy a superpower status; the United States would never tolerate an alliance of these Islamic countries and in particular unity among Muslims because it regarded unity among Muslims as the greatest danger to itself.

Sayed Manzur Ahmad Shah said that the United States had taken an interest in freeing Kuwait from Iraqi occupation and in helping the Afghan mujaheddin because it was in the U.S. interests to do so and it had succeeded in its aims. That is why the Kashmiri mujaheddin did not expect any benevolent action on the part of the United States; however, the government of Pakistan should present the Kashmir issue in its full detail before the world and unveil the aggression and atrocities committed by the Indian Army, which had usurped even the right to life of the people of the valley of Kashmir. The freedom movement had reached a critical stage and

the government of Pakistan should emerge from behind its wall of political compromises and lend a helping hand because it was in its own interests to do so.

In answer to a question regarding mujaheddin organizations, he said that 13 large mujaheddin organizations of occupied Kashmir had united under a joint council to fight for freedom; with God's blessing, their union was keeping alive the struggle for freedom; it was the final decision of the Muslims of Kashmir to continue the war until liberated from bondage to India.

## Internal Affairs

### Middle Class Said To Have 'Fascist Tendencies'

*92AS1475B Peshawar THE FRONTIER POST  
in English 1 Aug 92 pp 10-11*

[Article by Adhad Bashir: "Political Character of the Middle Class"; quotation marks, italicized words marks as published]

[Text] In a previous piece entitled terrorists all of them, I had observed: "The Mohajirs belong to the middle class. They have lands, but no Mohajir farm labour. They have medium industry, but no Mohajir workforce. Most of them are educated. They are in middle trading and in white-collar jobs. Within their community, they have no social contradictions. The Nazi Party of Germany was middle class. So were Mussolini's Fascists. Nearer home, the Awami League was a middle class party. All of them were terrorists in their political approach." [sentence as published]

This observation has upset my friend Azim Ashraf of Rahimyar Khan. He wrote to the editor: "*Being a middle class* I was horrified to learn that every middle class political party always tends to be a terrorist party...I am at a loss to understand as to which political party I should join?... The proposition expounded by Mr. Ahmad Bashir requires further elaboration."

Most thinking people belong to the middle class, hence there is confusion about its political character. It is not because they are the thinking type. It is because class interests and class characters are not analysed and understood. I wanted to do a piece on the political role of the middle class, and I am grateful to friend Azim Ashraf for giving me an opportunity. How does one understand political parties? Manifestoes and press statements of leaders do not reveal much. One must look at the class, a particular party represents, to know its truth.

Political parties claim to represent the 'people' but the people are class-based. No party, therefore, represents them as a single entity. We have three main classes, namely, the ruling class, the middle class, and the working class. Political parties represent the three classes. The ruling class comprises feudal, capitalists and industrial interests. They are, as a rule, pro-status quo. The higher bureaucracy, the judiciary and the state

administration, as a whole are allies of the ruling class. It may have internal contradictions, but its contradictions are fraternal: As a class, they are opposed to socio-economic and socio-cultural changes in the traditional scheme of things despite an idealist in their ranks, who might be ready to betray his class, but it does not alter the character of the class to which he might belong.

The middle class comes next, but with one big difference: while the ruling class is firmly entrenched and is stable, the middle class is constantly moving upward or downward, in individual terms. It has, therefore, no stable class interests or class loyalties. Its members fight for themselves rather than for their class. It idealises the ruling class. It has three sub-classes. Segments of middle class, who can live within their means comfortably and might have the ability to save something for a rainy day, are pro-status quo and though they grudge the privileges and powers of the ruling class, they never revolt against the system, which maintains it.

Next comes the middle class. This is a class of people, who can break, even economically. They are an endangered specie. Fear is their best advisor. They have no opportunity to save. They are also pro-status quo.

The lower middle class comprises people, who cannot make their two ends meet. They are anti-status quo, but will not run any risks unless the bet is safe. Middle bureaucracy, middle trading, middle peasantry doctors, engineers, officers of the state, well-to-do-traders and businessmen belong to it. Fixed income groups in the same class belong to the middle class, and clerks, small shopkeepers and peasants are guzara units, school teachers, and shop and industrial employees with little or no social security fall in the lower middle class. This class is usually angry, but does not want to do anything to change its circumstances.

The middle class of all hues has certain common traits. It looks up to the ruling class for ideas. It copies its style of life from the ruling class. It manages their oppression of the working people and the oppression of its own class. It facilitates unjust governance. It invents perverse philosophies and gives them circulation. It runs the system for the ruling class. In its quest for individual upward mobility, it is ready to betray its own class, it is hypocritic in its approach to life. It believes in rituals and precedents. It hates the working class and looks at its aspirations with contempt. Its religious motivation is high, but this does not influence their personal or class character. Its members are traditionists unless they have moved upwards. Then they will imbibe the virtues of their new class, without looking back. In sum, the middle class is totally bogus.

Working class is the community of workers, who work in farms and factories and produce all the wealth, but get no share of it. They are not well-educated. They own no houses. They have large families. They have no job security. They are a politically conscious lot. They cannot be easily misguided. They are anti-status quo and

are willing to offer sacrifices for a cause which, they think, is just. They believe in social change.

In addition to these classes there is another very powerful phenomena, of the lumpen proletariat. It is a class between the working class and the lower middle class. It is the class of unorganised labour. Taxi drivers, bearers of hotels, steel vendors, daily wage-earners, barbers, et cetera, form the clutch of the lumpen proletariat. It is an adventurous class, hence the most dangerous. It is a mob, ready to start a violent fight with the system, but eager to flee when the going becomes tough. It destroys, but it has no patience to build.

Of all the classes, it is the most unstable. It likes rhetoric and is easily carried away by emotions. It is the major part of jalsa and jaloos. The lower middle class may join in its adventures. It is mostly urban-based. Its members are ready to betray their comrades.

History of the Muslim movement of India is the history of the lumpen proletariat. From Maulana Mohammad Ali Jauhar to the Khilafat agitation, to the Ahrar, to Khaksar, to the partition killings, to the anti-Ahmadiya agitation of 1953, to the anti-Bhutto PNA [Pakistan National Alliance] movement, lumpen proletariat has had a leading role.

In all these movements and in the anti-Ayub, and anti-Bhutto movements, sections of middle and lower middle classes have been participating, but the lumpen proletariat bore the brunt. For easy effect, all Muslim leaders form the very beginning, have been concentrating on the lumpen proletariat. The Quaid-i Azam was the only exception.

Naturally then, Pakistan has not been able to build stable political parties. The staff of the PPP [Pakistan People's Party] remains the lumpen proletariat. If it remains alive despite the composition of its street power, it is largely because from Zia to Ghulam Ishaq Khan, every merchant of power in or out of government, has been trying to crush the PPP.

Bhutto's heroic embrace with death has also been an inspiration. His unjust hanging will never be forgotten. Instead of organising her party on scientific lines, Benazir Bhutto prefers to depend on the lumpen proletariat for political support. Little does she know that the moment she comes in power, her crowd will change sides.

But we were talking about the middle class and its fascist tendencies. the middle class always goes with the winning side in a social struggle. If roti, kapra, aur makan is on the rise, it will join the PPP. If Ziaul Haq's fundamentalism is legal tender, the middle class will begin to grow beards, observe ritual prayers, and start the oppression of women, assaulting them everywhere and in all possible ways.

In the politics of social change, if its champions are gaining ground, the lower middle class will join the

movement early, the middle class, if it is sure that it will be victorious, and the upper middle class will be the last to step out for change.

This was witnessed when the Bhutto storm was raging. When the PPP began to lose ground, the upper middle class was the first to change sides, the middle class was next, and the lower middle class has still not made a clear choice, though a large body of it went over to Ziaul Haq's Islamic rhetoric.

MQM [Mohajir Qaumi Movement] is the only purely middle class party in Pakistan. Other parties represent the interests of the ruling class. The PPP is a queer make-up. It has a large middle and lower middle class following, but its leadership is feudal in its political approach. This internal contradiction was responsible for the lack of reaction at Bhutto's hanging. The contradiction will come to the fore when and if Benazir Bhutto sits in the Prime Minister House. But the party is secular and reformist in its political programme, which is a plus point. Ziaul Haq and his heirs have exploited the people in the name of Islam, without mercy. A little less exploitation of Islam under Benazir Bhutto (which is as much as her secularism can go) may help her.

Azim Ashraf, the self-confessed middle class man may consider joining it, because it is both middle class and secular in the pit. All depends on what he wants in life. If he is an idealist and is intellectually keen and honest, he may like to work for social change. In that case, he may join a party with a revolutionary ideology. Then he is no more middle class. He has declared himself already.

There is one thing quite remarkable about the middle class. It provides leadership to parties of change. It has knowledge of history. It can learn from experience. But it is always a matter of individual choice. The middle class as such is reactionary and opportunist.

I do not know why middle class political organisations develop fascist tendencies. Perhaps, it is because they borrow their role-models from the ruling class, which believes in brute force. But the traditional ruling class has economic and state power. It makes its own laws, controls social and political structures and has goons and goondas at its service. The middle class has no such privilege. It is in a hurry. It is angry. It lacks confidence, and it develops fascist tendencies when it has power over people.

I do not exactly know why its class character is what it is. But when in power, it is anti-democratic, even barbaric. Sociologist, social scientists, and social psychologists might have the answer. The MQM is a very lucid example of what middle class politics is in essence. Do not blame Altaf Hussain for his horrors. He presides over a class and presents its tendencies.

### **Journalist Ridicules Changes in Information Ministry**

*92AS1418C Lahore THE FRIDAY TIMES in English  
29 Jul 92 p 3*

[Article by M.A. Butt: "Musical Chairs at the Information Ministry"]

[Text] Prime Minister Nawaz Sharif has fired Mr. Ahmad Hassan Sheikh, Mr. Agha Nasir, and Khwaja Ijaz Sarwar as head of Pakistan Television, Pakistan Radio and Press & Information Department, respectively.

He has also ordered that the number of press councillors and press attaches/secretaries in Pakistani embassies abroad should be drastically reduced and replaced by officers of "high calibre, skill and experience." Earlier, the government had announced the exit of the PM's [Prime Minister] Foreign Press Secretary, Mr. Hussain Haqqani, who is now scheduled to take up his new post as High Commissioner to Sri Lanka next month.

Immediately after his recent trip to the U.K., Prime Minister Nawaz Sharif wrote a strongly worded letter to the Ministry of Information and Broadcasting giving the minister "a maximum of two weeks to come up with concrete proposals for overhauling and restructuring" the information apparatus abroad. The PM wrote to say that "officials lack professionalism and commitment. They seemed to be engaging in all kinds of self-serving activities" and are on "an extended holiday."

In a separate letter to the minister but in the same tone, the Prime Minister criticised the functioning of Pakistan Television Corporation, saying that he was disappointed with the way the government-controlled media was mis-handling the projection of his government's policies.

One immediate cause for the Prime Minister's wrath may lie in the fact that while he was in the U.K. the Pakistan embassy was unable to generate adequate media publicity for the Prime Minister's visit. None of the British papers gave prominence to Mr. Sharif's visit.

To top it all, an unsavoury incident involving a federal minister, which could have caused severe embarrassment to Mr. Sharif's government if it had hit the British tabloids, has led to the sacking of Mr. Latif Ulfat, the Press Minister in London. Mr. Ulfat, who spent all his time trying to limit the damage wrought by the federal minister, was ticked off for not ensuring adequate media coverage for the PM in London.

The PM reportedly took up this matter with the Foreign Secretary, Mr. Shaharyar Khan, and wondered why he had been ignored in the British press when Benazir Bhutto somehow always managed to get top billing, even when she was not the prime minister of Pakistan. It is learnt on good authority that the Foreign Secretary was unable to offer any satisfactory explanation about Ms. Bhutto's popularity abroad.

The Prime Minister's discontent with his media managers is not new. Obsessed with notions of self-projection and secrecy, he has been a willing victim of intrigue, back-biting and power-plays in the Ministry of Information. Soon after Mian Nawaz Sharif assumed power, the DG [Director General] Foreign Office, Mr. Akram Zaki, persuaded the prime minister to recall Mr. Tanvir Ahmad Khan, Ambassador to France, and appoint him as the Information Secretary.

Mr. Tanvir Ahmad Khan, who had also served as Press Councillor in London in the late 1960s, was expected to coordinate closely with the Foreign Office to ensure that Pakistan's image abroad was not damaged on account of Indian allegations of a Pakistani hand in East Punjab and Kashmir.

But Mr. Khan didn't get off to a good start. He was always suspected of being a "liberal" sympathiser of the Peoples Party because Benazir Bhutto had recalled him as Ambassador to Iran and made him Foreign Secretary while she was in power.

Mr. Khan's stock plunged rapidly as Information Secretary when he found himself to be the odd man out in cabinet meetings while Sheikh Rashid, the then Information Minister, would harangue the profession of journalists and propose drastic measures to curtail the freedom of the press. It was during Mr. Khan's tenure as Information Minister that the proposal for new laws to muzzle the press was leaked to the Council of Newspaper Editors, following which there was a great furore in the national press which forced the prime minister to give up his plans.

Mr. Khan was also the target of right-wing bureaucrats and IJI [Islami Jamhoori Ittehad] loyalists like TV boss Mr. Ahmad Hassan Sheikh, who felt that he was obstructing their efforts to "Islamicise" society through the government-controlled media. Mr. Khan reportedly shot down a proposal by Mr. Ahmad Hassan Sheikh to launch a witch-hunt in PTV [Pakistan Television] and Radio in order to fire those suspected of being PPP [Pakistan People's Party] sympathisers or liberals.

Mr. Khan, who reportedly thought of resigning his post because his "liberal-democratic" views were always sidelined in cabinet meetings, was subsequently eased out and later posted as Ambassador to Prague pending retirement next year.

Sheikh Rashid, the then Information Minister, was also moved to the Ministry of Production because it was felt he didn't quite know how to handle the press. He was replaced by Mr. Sattar Laleka and soon thereafter Haji Akram, who had served as Gen. Zia ul Haq's Punjab Home Secretary in the late 1980s, was brought in as Information Minister. At about the same time, Khwaja Ijaz Sarwar was moved out of External Publicity and brought in as Principal Information Officer [PIO] at the Press and Information Department in Islamabad.

The only person to retain his slot while all these postings and transfers were being affected was Mr. Anwar Mahmood, the prime minister's press secretary, who sits on the ninth floor of the PM's secretariat and accompanies Mr. Sharif on all his important trips at home and abroad.

According to reliable sources, the implicit charge-sheet against Mr. Ahmad Hassan Sheikh, former TV boss, is that he was preoccupied with notions of "Islamising" society via the state-controlled media to the neglect of all other creative concerns at PTV. It is also learnt that Mr. Sheikh didn't endear himself to the PM when Mr. Sheikh frankly objected to the treatment of Afghanistan in the government-controlled media "as the fifth province of Pakistan." Having parted ways with the Jamaat-i-Islami, the prime minister, it seems, is also keen to improve his image as a moderniser of society. Consequently, Mr. Sheikh's utility has now worn off.

The suspicion about Mr. Agha Nasir, ex-Radio boss, is that he is either a secret MQM [Mohajir Qaumi Movement] sympathiser or a PPP liberal. Mr. Nasir, whose professionalism cannot be doubted, was alternatively the boss of TV and Radio during the Bhutto era. He was boss of TV under the interim government of Mr. Ghulam Mustafa Jatoi and then moved to Radio again under the IJI government. Having been ping-ponged for over three years, he has now been moved out of the media altogether.

Khwaja Ijaz Sarwar, too, is a professional bureaucrat with a mild manner. His job as PIO entailed regular contact with editors including the odious task of calling them up from time to time and leaning on them to kill some stories and carry others. In addition, the PIO controls the flow of all government advertisements to the national press. This is a lever which the ruthless can play with ease while the conscience-stricken are afraid to lay their hands upon. It seems that Khwaja Sarwar wasn't up to the expectations of his superiors, in particular Mr. Anwar Mahmood (PM's press secretary) and Haji Akram (Information Secretary) who have recently taken to calling up newspaper editors directly in order to "plant" or "kill" stories.

Khwaja Sarwar reportedly also incurred the wrath of a group of newsmen who have basked in the perks and privileges offered by the Information Ministry to loyal hacks. Reliable sources reveal that a chief reporter of an influential Urdu daily and the editor of "dummy Urdu daily" from a provincial metropolis had been actively intriguing for some time against Khwaja Sarwar. The former was upset because Sarwar had refused to allow advertisements worth over Rs [Rupees] 1 million for a special supplement he wanted to bring out in praise of Mian Nawaz Sharif and the latter had taken up cudgels against the PIO because he had been advised not to attend press briefings without a formal invitation.

In the last twenty-one months, the prime minister has changed three advisors/ministers, four secretaries, four PIOs, three MDs [Managing Directors] each of PTV and

PBC [Pakistan Broadcasting Corporation] and about six DGs [Directors General] of the External Publicity Wings of the Information Ministry.

There may yet be a final twist to the whole drama. Insiders say that Haji Akram, the Information Secretary, has been eyeing the job of Chief Secretary, Punjab, for some time now. All that remains in his way is to find a suitable pretext to ease the current Chief Secretary, Mr. Pervaiz Masud, a most able and respected bureaucrat, out of the coveted slot. If that should come to pass, Mr. Anwar Mahmood will become Chief Lord of the Press in Pakistan. He currently holds the office of the PIO in addition to being the PM's local press secretary and will doubtless take on Mr. Hussain Haqqani's foreign press load as well when Mr. Haqqani leaves for Sri Lanka next month.

"Despite ringing these changes, however, prime minister Nawaz Sharif is doomed to get a bad press," says a close aid to the PM. "The fault doesn't lie with the Information Ministry. It has to do with the nature of the PM's policies and the increasing desperation which has recently marked the PM's outbursts against the independent press."

#### **Labor Policy Seen Used by Sharif To Garner Votes**

92AS1418I Lahore THE NATION in English 25 Jul 92 p 8

[Article by Anjum Ibrahim: "Labor Policy: An Exercise in Gaining Votes"]

[Text] Prime Minister Nawaz Sharif opted to announce the Labour Policy himself instead of allowing his Federal Minister of Labour to do so. This reflects the perception of the government that the new labour policy would be a vote gainer and hence the credit for it must devolve around the person of the Prime Minister. Such a trend in our politics, since it really cannot be termed as our country's economic thrust, is nothing new. It perhaps has been more pronounced in the present IJI [Islami Jamhoori Ittehad] ruling party than ever before but, in all fairness, Prime Ministers of Pakistan have always taken on themselves to announce policy decisions that they reckon would be hailed by the populace at large and hence directly contribute to a bigger vote bank for themselves. Obviously our PMs [Prime Ministers] fail to realise that they can benefit equally from positive policy announcements if their own Cabinet member, or the man directly responsible for a portfolio, announces relevant policy decisions. That Mr. Nawaz Sharif has the same perception cannot be held against him.

But what can and is being held against him is the actual text of the Labour Policy itself. It has been hailed only by those trade unions that support the government. All others have dismissed it and indeed were not even a party to the negotiations with the government, a prerequisite for formulating an effective policy. The government, as has become too predictable, would outrightly

reject or ignore the criticisms of the opposing trade unions by simply stating that they represent political opposition rather than any real criticism against its labour policy. And to quite a great extent, this assessment of the government may be right as our trade unions seem to parallel the prevalent politics in the country, just like our educational system which is one of the major reasons given for its ineffectiveness. But before endorsing the government view and hailing the Labour Policy, it is essential to look at what it incorporates. And then determine whether the perception of the Prime Minister that his policy would be a vote gainer is correct.

Prime Minister Nawaz Sharif seems to be totally sold on the idea that increase in pay scales will win him popularity. Last year, in his government's first budget, he was responsible for increasing the pay scales of government employees at the cost of maintaining the budget deficit within manageable limits. Mr. Sartaj Aziz, the Federal Finance Minister, was given the onerous task of sorting out the mess of a higher budget deficit. He tackled it by not incorporating the expected 6 billion rupees expenditure on increased salaries in the budget for fiscal year 1991-92. A few weeks later he announced the salary increase. And on May 14 this year, when the budget for the year 1992-93 was presented, Mr. Aziz simply stated that the deficit was much higher than announced last year due to certain causes. This policy, i.e., increasing salaries at a time when the budget deficit has become unmanageable, by itself, flagrantly violates the conditionalities of international donors who have been suggesting to the Government of Pakistan to raise utility charges and lower unnecessary expenditures including that from over staffing, salary rises, etc. It is no wonder that inflationary pressures gathered momentum during the year due to mainly higher deficits, lower concessional credit from abroad and indeed higher reliance on loans from expensive sources like the commercial sector abroad.

By raising salaries of government employees again this year, the Prime Minister must realise that he will be held directly responsible for a burgeoning deficit, the resulting increase in the general price level, and through his failure to comply with aid conditionalities, lead to a heavier reliance on loans from the commercial sector abroad, which, once again, will lead to still higher prices. And resolving this problem through understating the inflationary figures would not fool those whose real income declines and the basket of essentials become inaccessible to them.

The question is if the salary rise envisaged in the labor policy would be negated by the consequent inflation or not? Unfortunately, the answer is a "yes." The Prime Minister also announced that even the private sector would have to conform to the minimum wage set by him. Here other difficulties arise. First is that it is almost impossible for the government to monitor the wages being given by the private sector. Secondly, the government is propagating machinery imports, indeed several Ministers have boasted about the dramatic rise in

machinery imports during fiscal year 1991-92, a trend that had been visible since the 1980s and was considered to be responsible for the constant percentage employed by the industrial sector since more than a decade. Thus indirectly the present government is responsible for lower employment opportunities in the industrial sector. And finally imposing a minimum wage on the private sector is tantamount to effecting controls over the free market mechanism. The question arises if Prime Minister Nawaz Sharif has a selective definition of effecting market reform in this country. His labour policy certainly seems to prove this to be so.

Then there are other problems that emanate from the labour policy. Labour has the right under Pakistani law to collectively bargain. Unfortunately, it does not have the strength to do so. And it is the duty of any labour policy to ensure that their right to collectively bargain is put into practice. Then the employers of this country have been arguing in favour of giving them the right to hire and fire. This right ought to be given to them and would not be vigorously resisted by labour either if the latter perceive that they have the strength to collectively bargain.

Then there is added provision for labour in the policy announced-provision for education of the offspring, two will be entitled to free education instead of the previous number of one, compensation payments have been raised, plots will be allocated to labour, amount of gratuity has been raised, number of marriage grants have been increased, etc. In fact existing policies are to receive greater investment by the government. And once again one wonders where the money is to come from. The Treasury is already suffering from financial constraints and one wonders what would happen to the claim made by Mr. Sartaj Aziz in his May 14 budget speech that this year the government would meticulously keep within its stated goal of the budget deficit as a percentage of GDP [Gross Domestic Product].

But the most obvious conclusion that can be drawn from the labour policy is that there is nothing new in it. Existing policies have been targeted to receive more money and that is about the gist of it. The Finance Ministry may be unable to release the needed funds but that is another matter, and it is equally relevant to note that labour has been dissatisfied with the contents of past labour policies. It is unfortunate that one cannot agree with the perception of the Prime Minister that his labour policy would gain him votes.

#### **Relations Between Sharif, Khan, and Nawaz Examined**

92AS1446A Lahore ZINDAGI in Urdu 25 Jul 92 p 12

[Article by Mukhtar Hasan: "Differences and Agreements Among the Three Elders"]

[Text] Through a presidential ordinance, the military has finally obtained the power of a "magistrate" in Sindh. The demand or idea of these powers were made two

weeks ago in core commanders meetings in Murree. The additional powers given to the army to implement Operation Cleanup in Sindh has also increased our expectations from it. However, in our capital Islamabad, rumors and uncertainty have increased. The reason for this is the feeling that this authority was given unwillingly by Nawaz Sharif. These suspicions were further strengthened by Benazir Bhutto's frequent visits to Islamabad. Now this ordinance will be present in the National Assembly and the opposition will have to support it. Its former leaders have gone as far as to invite another period of martial law in their willingness to give additional authority to the military.

The opposition leaders were almost ready to sacrifice democracy in their efforts to remove Nawaz Sharif from his position as prime minister. This effort did not increase our respect for political leaders. We can say the government gave this authority to the military in their bid to stay in power.

During this time, Jamaat-i-Islami's [JI] Qazi Hussein Ahmad stayed firm in the belief that the military should be minimally involved in civilian affairs. In his opinion the democratic process should continue as part of a strong policy and all problems be resolved within the framework of a democratic system. Since 24 July Qazi Hussein Ahmad has been carrying out a campaign of talks with people in Islamabad and its twin city, Rawalpindi. He has been expressing his opinion about this issue very openly. He says that he does not support giving additional authority to the military or police administration. He was very frank about it in his speeches to the District Bar Association and groups of businessmen. His campaign to contact the people continues.

On 20 July, President Ghulam Ishaq Khan and Prime Minister Nawaz Sharif were guests of Chief of Army Staff General Asif Nawaz at Military Headquarters. This meeting, which lasted for more than three hours, was attended by the three military chiefs—Chief of Staff General Shamim Alam Khan, Chief of the Navy Admiral Syed Mohammed Khan, and Air Chief Marshal Farooq Feroz Khan. The president and the prime minister were accompanied by Interior Minister Chaudhary Shujat Hussain, Defense Minister Syed Ghaus Ali Shah, and Sindh's Chief Minister Sayed Muzaffar Hussein Shah. Also present were Lt. General Nasir Akhtar, in charge of Operation Cleanup, and military generals and officers connected with General Headquarters. It was surprising that it was considered appropriate to keep the press in the dark about this very important meeting, which is being called the meeting of the "big three" in Pakistan, until seven or eight hours before the meeting started. Finally, the newspapers were given a press release from the government news agency, APP [Associated Press of Pakistan], that the military is in full support of a democratic government, formulating policies is the government's job, and the armed forces just implement these, etc. etc.

The remoteness exists between the military and the political government cannot be removed by press releases by the Public Relations Department. Its marks can be found in the recent incidents and in our history. The use of the army against the Qadianis started a wrong tradition. Political use of the armed forces paved the way for military rule in our country. In our recent history, Chief Martial Law Administrator General Ziaul Haq had announced a plan to get the military out of politics. As the result of this plan, general elections were held in March 1985. The National Assembly and the Senate were created again according to the 1973 Constitution, which the martial law regime had suspended temporarily. Some effective rules from the former constitution, the Constitution of 1956, such as balancing the authorities of the prime minister and the president, were added to the constitution through the Eighth Amendment. This way, Pakistan's government was based on the "big two." However, unfortunate circumstances have changed this to the "big three."

After the accident of 17 August 1988, due to the absence of a prime minister, the interim president (Chairman of the Senate Ghulam Ishaq Khan) and Chief of Army Staff Mirza Aslam Beg became the "big two." In the November 1988 elections the real "big two," the president and the prime minister, were formally elected to their offices. It was thought that Mirza Aslam Beg, commander of the army, would be the last "big third." His retirement was celebrated with great pomp and show and both the president and the prime minister came to the Army Stadium to bid him goodbye. That was August 1991 when Nawaz Sharif was the prime minister and Ghulam Ishaq was the president as a result of the October 1990 elections. However, a few months later, in the beginning of 1992, it was clear that the army chief had joined the "big three" again and the military was becoming entangled in the politics from which it had miraculously gotten out. The democracy in Pakistan played a very important role in political and strategic changes in this region. If a democratic government had not been in power in Pakistan when the Soviet Union disintegrated in December 1990; when Afghanistan was liberated in April 1992; when Kashmir's campaign for independence entered a new phase; and when the family of a genius who kept the scattered nation of India under one flag—Nehru—ended its rule in India, Pakistan would not have been so successful in this region. The eyes of the newly-independent nations in Central Asia are focused on Pakistan. However, this is a totally different issue. The dangerous development at present is that Pakistan has become a country of the "big three" instead of the "big two," authorized by the constitution. As a result of this development the future of our country is in question again.

More important than discussing whose mistakes made Pakistan a country of the "big three" and what circumstances led to this development is that this country should not have martial law. The whole nation should not be punished for Nawaz Sharif's negligence. The PPP

[Pakistan's People's Party] and Madam Benazir Bhutto are ready to go through anything just to vindicate themselves for their removal from power. They will accept even the suspension of the 1973 Constitution, to which she points when talking about her new social order and which was formed with the cooperation of her father. Perhaps, she is not aware that writing a constitution is not easy and the nations that do not want to waste their time or lose their goals do not invite such a calamity. Pakistan's first constitution was written in 1956 and the second constitution was given to us in 1962 by one man, Martial Law Administrator Ayub Khan. He threw it in a waste basket himself seven years later. The third constitution was approved in 1973 after Pakistan was divided into two parts. Had there been a constitution or a constitutional government in Pakistan in 1971, then perhaps East Pakistan would never have been separated from us. Writing a new constitution is only a little less difficult than forming a new nation! Is Madam Bhutto still naive after all her education or is she acting ignorant because this westernized daughter of the East has been told to do so.

There can be nothing worse than a martial law regime for our country at this time. The smartest act at this time would be to keep the possibility of a martial law regime totally remote. Will Prime Minister Nawaz Sharif review his political mistakes and change the political supporters around him? Will he pay attention to the fact that he has gathered some very inappropriate kinds of bureaucrats around him? He has to analyze his acts and see if his specific tendencies have played some role in what has been happening. He must pay attention to the circumstances that brought him to power and contemplate whether he has done his duty and whether he has been faithful to the people who have helped him.

A martial law regime will weaken our country. This is a fact, which only one opposition leader, Qazi Hussein Ahmed of the Jamaat-i-Islami, is telling us. The PPP and its coalition parties had expected that Qazi Hussein Ahmad, after removing his party's legislators from the government benches, would join them in some anti-Nawaz Sharif campaign. Many of them had already figured out the "street power" of the JI. However, Qazi Hussein Ahmad announced in Lahore, even before the prime minister sent Chaudhary Nissar Ali Khan on his mission, that he does not support still another mistake by the Nawaz Sharif government and the constitutional vacuum that it will create. He believes in democracy and is openly saying in the twin cities of Islamabad and Rawalpindi that he will neither join nor support any campaign nor use any unconstitutional method to remove this government from power.

The JI's ethical stand is blocking the way for martial law. The international diplomats and their local agents who want to push the army into the quicksand of martial law once again are disappointed. During the recent crisis a very important politician who is close to the prime minister told a personal friend who is associated with the JI that he respected their greatness. Meanwhile, an

important English newspaper spokesman has repeatedly told Qazi Hussein Ahmad in open meetings that he was once again bailing out Mian Nawaz Sharif.

In spite of all this authority, the military will be better off if it accomplishes its mission quickly, and removes the rumor that it will declare martial law after it gives up its civilian duties. Chief Minister Muzaffar Husseini Shah faced the press during his stay in Islamabad. It was learned that the MQM [Mohajir Qaumi Movement] chief Altaf Hussain can also be arrested, even though this press conference was called to announce the Sindh government's decision to disassociate itself from the MQM. An interesting fact about the mutual relations of the important members of the government also came to light. The chief minister of Sindh was in continuous contact with the president and the prime minister, however, he did not know that the ordinance giving additional authority to the military was issued a few hours before his press briefing! All he could do was to smile when he was told about this news. It is clear again that the bureaucrats that are involved are either incompetent or dishonest and they create such painful situations for their political bosses.

The same situation has been created for the "blind case" in the prime minister's secretariat. Sayed Taj Mohammad Shah, adviser to Balochistan's chief minister, has been arrested and has been suspended from his position. The very next day after this happened, former chief minister of Balochistan, former federal minister and the Jamali dynasty's political patron, Mir Zaffar Allah Khan Jamali, arrived in Islamabad and discussed this arrest and "suspension" with the high-level officials of the government. He also talked with Interior Minister Chaudhary Shujat Hussain. The interesting fact about the "suspension" of Mr. Taj Mohammad Shah is that at that time Balochistan's chief minister, Mir Taj Mohammad Jamali, was on a private tour of some Central Asian republics along with a large group of ministers and friends. Sayed Taj Mohammad was suspended during his absence. According to our sources, Mir Zaffar Allah Jamali also recorded his objections with some important federal officials. On the morning of 20 July, the next day after these meetings, the writer of these lines met with Mr. Jamali who was in a hurry to leave for Lahore. Mr. Jamali said that I should ask the chief minister of Balochistan who was returning from Tashkent that evening about the suspension.

There is no information about Ghulam Sarwar Chandew, who played the central role in the "blind case." We do not know whether he has been arrested, has run away, or is hiding. There is an interesting aspect of this case. Mr. Bashir, private secretary of the prime minister's principal secretary, has played a major role in this case. However, government agencies have kept silent about him.

### Nationalism Reviewed, Redefined

92AS1447B Karachi DAWN (Supplement) in English  
31 Jul 92 pp 1-2

[Article by Nina Nagy: "Pakistani Nationalism in Perspective"]

[Text] Nationalism remains the dominant theme of the century despite in most instances, it has failed to live up to the expectations of the ideals imposed upon it. Nationalism has been important in this century on two accounts.

One, the colonised as the underprivileged in all Third World societies exalted nationalism, or to a common group sense bound within their own territory under self-rule, because the condition of being underprivileged had deprived them of their dignity and this appeal to a group sense was essentially the need to restore a sense of dignity and self-pride.

Two, in most instances, the late 1980's and the onset of the 1990's has witnessed a backlash of nationalism. The first experiment of acquiring freedom and forming a new nation-state was successful only at its incipience and prevailed as long as a euphoria stays after achieving a difficult task. No sooner had freedom been gained than its responsibilities surfaced.

Most of the modern nation-states failed in meeting the demands of nation-building and to successfully integrate and meet the need of the diverse elements in the society. The aggrieved in the new nation state took on the role of the deprived. They, often belonging to one ethnic group, are now claiming their own form of nationalism—a nation-state only for their own ethnic group—by again believing that their nationalism is to be the antidote to their lack of participation in the political and economic spheres in the old nation-state.

Nationalism, then, can be defined as the basic need for belonging and identity which when threatened, gives impetus to a people of even different religious and ethnic backgrounds to work towards a common living space. As such, it can be of multiple ethnicities and multi-religions.

This space is subject to sovereign rule and is initially defined by a boundary line, a common mode of governance, a common defense, foreign and fiscal policy.

The heuristic value of understanding Pakistani nationalism can only be if it is to be seen from the perspective of what ingredients and forces make nationalism a universal construct. Understanding it from this perspective relativises the Pakistani perspective which perceives Pakistani nationalism to be unique.

Pakistan is a state born out of nationalistic ferment and it too has failed to live up to the expectations it had aspired to achieve through nationalism. Born out of a feeling of double second-classness, by first having been colonised by the British who favoured the Hindu and lent them an upper hand in decision making on issues even relevant to the Muslims, and then living with the

potential of being ruled by a Hindu majority, it was a plea of the underprivileged Muslims to unite to create a sanctuary. Its policy makers since its formation have rarely, if ever, recognised the need to accommodate the other agendas that have assumed immediacy and not so, therefore, hide behind the abstractions which are in the making of any nationalism.

These abstractions are what also legitimise any nationalism. The most common abstractions are common ethnicity, and/or common religion that need a common earth-ground to allow like-minded participants to cohabit. The earth-ground is often exalted to a mystical or religious reverence, thus often, making that territory indispensable to the creation of that nation-state. Ethnic, cultural, and/or religiously based symbols are manipulated in order to keep the movement alive.

For Pakistan, the one and only abstraction is Islam. By an abstraction, one refers to that anchor which a community of people feels represent their quintessence and is also representative of a glory that is to essentially dictate their self-worth. It is an abstraction because it is not a programmatic translation of an ideology. This glory is obviously not in the here-and-now, but by recapturing it from some mystical past, which in fact never existed in the pristineness that the nationalists claim, the ancient glory may be tapped back.

For 44 years, different body politic in Pakistan have been attempting to bring back an Islam that is to finally tell the world, Pakistan's *raison d'être*. The three constitutions have all been attempts to define Pakistan's identity and legitimise its nationalism. But they have equally been a cloak to mask the seizure of power and legitimise a certain power elite.

Nationalism, then, is a real living force having a psychological basis in the individual and collective psyche for an identity and in that respect it has to be respected and acknowledged. It is when the collective mind is manipulated by an aspiring elite who fail to answer the needs of the collective because the elite inevitably are not concerned about deliverance but only about power consolidation that the deprived again voice new voices of nationalism.

The earth-ground was not so necessary to Pakistan, as was shown in the two territorial chunks that separated the two Pakistans. Islam is what made nationalism a living force. And yet, it is Islam that Pakistanis have been unable to define and draw upon when faced with the day to day malaises that threaten to tear the country apart, and which in fact, have already led to the dismemberment of the country in 1971. In this case, the East Pakistanis were the deprived who drew up the banner of Bengali nationalism and grew apart from the West Pakistanis.

Islam, which was employed as a tool for the unification, has not been sufficient in answering to economic unrest, racism as in the Mohajir vs. the rest of all ethnicities case, other ethnic unrests as witnessed in the recent

Sindhi past, and the Pukhtanistan movement of the late 1960's and early 1970's. The 1956 constitution did nothing to integrate the psyche of the two parts of the country and, in fact, demarcated the differences between the two parts by making the country into two units which in de facto meant two Pakistans.

Instead of doing away with the East wing—West wing rivalry for which the two unit system was established, it once again lay open the bid for power of one unit to rule over the other. No movement of nationalism emerged to combat it rather self-interest of the various ethnic groups and the power elite crushed any possibility of fair political participation. Perhaps, this is less the fault of a concept, which after all what nationalism is, and more the folly of the Pakistanis to come up with a system of mutual respect whereby all ethnic groups could partake in economic and political participation.

Nationalism, thus, came about as a need to assert one's own and to get away from unpleasant encounters and the momentum that led to the building of Pakistan or for that matter any nation-state born out of the same exigencies, temporarily blurring realities and temporarily uniting the collective masses. The modus operandi of how to delegate authority, set up institutions and, in short, to build a nation was recognised by Mohammad Ali Jinnah but it is not one man that builds a nation. Rather, it is the political compromise of various interest groups and their power elites that determines the course.

This political compromise has been absent since 1947. The power elite did not have an agenda other than their own and for which they encouraged the Muslim masses to be swayed to the blindness that nationalistic fervour entails. These power elites did not have a programmatic translation of how to govern by accommodation, rather they were shrewd enough to not let a viable system emerge because the chaos lent opportunities for the brutal play of power and the more powerful amongst them to grab and so rule and extend patronage and possibilities of immense wealth to their supporters. There was also no attention given towards transferring local and regional loyalties to a central system of governance, which is a prerequisite for the building of a nation-state, and to meet the participatory demands of the different groups.

On the contrary, local and regional differences were pronounced and the old system of feudal and tribal patronage made to subsist. This is not to undermine that the task of building a consciousness in a peasant or a subsistence worker to transfer allegiance to a central power is not difficult but that no policy has ever reflected its articulation. Furthermore, policy making has also not been in consonance with working out the contradictions that are obvious in the juxtaposition of the old and the new world, namely, the habits, mannerisms and structures of a feudal setting while also adjusting to the demands of modernisation. This reality has been carried on into the 1990s.

Benazir and her government were no different from any governments from the past. She came in on a popular vote, which in the Pakistani society, does not mean that the voters had any real sense of what they were demanding from her. Rather, she had played the right symbols, much like Eva Peron did with respect to her husband, Mrs Aquino did with respect to her dead husband and now recently, Mrs Zia has acquired the political platform by appealing to the ghost of her assassinated husband. In all instances, the intent was to recapture the sympathy of the people for the supposed wrongdoing upon their respective men.

Benazir's father although no different in delivering a viable system from his predecessors and his heirs, Benazir included, did have the fortune of possessing charisma. It is by recapturing the memory of his charisma and by manipulating the appropriate symbols that mark him as a martyr, that her political platform had been defined. Her failure to deliver had been masked by the nationalistic and pan-Islamic jargon towards the movement in Kashmir and to keep after the plight in Sindh. Some would argue that she was not able to control Sindh because of the strength of the opposition. Even if this is true, the mere fact that there was such rampant factionalism reflects the failure of nationalism to emerge as a unifying force.

The persistence with which democracy and institution building has been absent in Pakistan, has helped fan the ethnic strife for which the city of Karachi has of late become a central fighting ground. Local identities have become more pronounced while claims to nationalism still persist. Can then nationalism live in this paradox where a nation is at once nationalistic in an abstract sense but also loyal to its ethnic group, its feudal lords and its tribes? And does nationalism ever deliver?

Despite the failure of the Pakistani political elite to live up to the ideals of nationalism, nationalism has not died down in Pakistan even if it remains a rhetoric in the mind of a common man. The average Pakistani is still swept away by the nationalistic jargon although he does not truly understand to what it is that he is adhering or responding. Primarily this can be attributed to the lack of clear definition of nationalism and to the lack of a concrete agenda. Nationalism can be any agenda, any calling and it is better not to define it because by lending it a definition, the power elite have to respond to it in a programmatic manner. Common citizens are made to remain mystified seeking succorance through symbols that propound of nationalism by believing that symbols represent some greater cosmic truth of which nationalism is representative.

The delineation is tautological but very effective. The collective body reverberates of the same mind-set generating a momentum akin to any collective uproar but that which is simultaneously obsfuscating and narrow in its vision. This explains why so many Pakistanis or for that matter for nationalists anywhere, it is easy to be swept by nationalistic rhetoric without paying careful attention to

how nationalism is to eventually translate to meet the more mundane needs of participation and nation-building.

It can be claimed then that nationalism is subliminal but it is a force embodying very real aspirations and needs, but unless it is met with practical schedules, it can be self-destructive. As said, the power elite exercise a system of control and participatory institution building is absent with the result that the old elite are simply replaced by a new more powerful-elite without there being any structural changes. The control mechanism stifles political participation but not political consciousness.

This consciousness reverberates in the form of the various ethnic groups initially creating political and social unrest and eventually demanding to secede. It still remains to be seen whether new nation-states, be it a new Sindh, Estonia, Latvia, etc., that would emerge from the second phase of nationalism would in fact fulfill any of the demands of nation building. At least the example of Bangladesh has proven that Bengali nationalism although still as much a living force as Pakistani nationalism has in the end not delivered to the common man in terms of providing him with the basics of subsistence and political participation although it has given him a sense of belonging, i.e., of being a Bengali living in his own land.

Where does this leave Pakistani nationalism in perspective? It is argued that nationalism is a phenomena of the recent historical past but nationalism is also a phenomena whose essence has essentially remained the same in the modern as well as the ancient past. In modern day, the feelings of belonging are linked to the nation-state, but in the past, people have always sought their sense of belonging through identification with either a tribe, a city, and/or land.

Many of the Western modern nation-states have been carved out of shattered empires but they have been able to solidify their own ground after World War II primarily by coming up with a viable system of governance and, in Western Europe, also through their welfare system.

In the East, the old structures were first shaken by colonisation and then by modernisation. Nation-state has replaced the old identification, although still, in all societies identity and belonging is sought from being linked to a tribe or/and an ethnic group. As such, the sense of belonging and identity that comes from being linked to a defined organic whole is a universal phenomena and is true for the East as well as the West. What is difficult is to replace the old gods for the new gods, namely to transfer local, tribal and regional loyalties and expectations to a central state. And what is also difficult to understand is that neither can respond adequately to the collective needs of man—that the needs for

belonging and identity although very real never can be adequately accommodated by a nation-state or in the past by a tribe.

In certain instances a blind faith in religion has been able to satisfy these needs but as our experiment with defining institutions of participation out of Islam has indicated, is religion adequate deal with such needs or some would argue that Pakistanis have been inadequate to extrapolate and understand Islam. The argument is nevertheless tautological.

The volatility of Third World nationalism, in which Pakistan also finds its place, is not because the Western nation-states are any less committed but because they have achieved a sense of stability by defining a system of governance that works, by inculcating a sense of order and law, by meeting the economic needs of most, and by providing some safeguards for the weak in the form of some provisions for social welfare.

Most would however argue and perhaps correctly, that First World prosperity has been at the cost of the Third World, mainly by the loot they acquired through colonialisation, and then by dictating the new economic order through the power of the multinationals and international organisations, through the control of the international organisations and finally by allowing the Third World to be the testing ground for much of their new arsenal.

The Third World has not been able to secure its footing for in this growing world of interdependence, the welfare of the Third World is dependent upon the First World working towards a more equitable order. Minorities in the First World that even contemplate secession on nationalistic grounds cannot because the might of the system would not allow for major civil upheavals leading to secessionism.

These minorities suffer in their own way and find recourse to their grievances through insulation in ghettos, crime, drug abuse, retreating to reservations as in the case of American Indians, joining cults, or by adopting another religion. Islam for the blacks, who despite the rhetoric for equality are the second-class citizens in the United States, has assumed greater significance. Christianity and Judaism came to represent the Western tradition and Islam was perceived to be the religion of the Third World and hence of the wronged and the deprived. The blacks feel themselves to be the wronged and the deprived of the United States. These societies too suffer from their own forms of alienation which are no less devastating to the individual and the collective psyche than are the resurgent calls for nationalism in the East.

The search for identity is real and especially amongst the underprivileged but collective identity is also not a goal that can ever be achieved, rather it is constantly defined and redefined and is always closely linked to the more practical callings and until those are satisfied, nationalism recreates itself in its many images.

Once the initial euphoria of coming together as a nation-state wears off and other themes assume dominance, the Promethean destiny of human existence surfaces. The only real certainty is that nationalism endures more in an abstract almost mythical sense rather than as a political agenda that has a definite plan of action set towards reaching a particular goal(s).

It is also certain that in the more developed societies, the need for identity and belonging are equally real but it is accommodated by a system that permits plurality at least in principle and which always strives to ensure that plurality will continue so that each will be respected and each will have a chance to be respected. Pakistan, after Benazir, has again shown that she is currently not prepared nor preparing itself to take this plurality into account.

And as long as societies are created to not take plurality into account, the struggle to be heard will continue and relentless suffering will continue as it will also continue for Pakistan.

#### **Confusion Said To Envelop Sindh as Operation Continues**

*92AS1416D Islamabad THE MUSLIM in English  
29 Jul 92 p 7*

[Article by Humayan Akhtar: "Sindh: Complete Confusion Prevails"]

[Text] It was more than two months ago, 19th May to be precise, when the announcement for start of the Army action against dacoits, and anti-social elements was made. Thereafter, about two weeks passed in discussion as to which article of the Constitution—147 or 245—is to be invoked. Simultaneously, full-fledged publicity was given to the coming Army action. However, till the fateful day of 19th June, nothing happened. There were, of course, warnings to the vehicle owners to be in possession of their registration, taxation papers, etc!

Friday, the 19th June, was the day, when the nation was told about the clash between MQM [Mohajir Qaumi Movement] (Haqqi) and non-Haqqi and ensuring Army action in Karachi. People heaved a sigh of relief, because they were really fed up with their threatened and restricted lifestyle, due to the fear of abductions, killings and car snatching.

What actually happened on 19th June, was a mini-action, in which the law enforcing agencies provided cover to the renegades of MQM, who went to Liaquatabad and forced their entry and took over MQM offices. Eight people died. People of the area witnessed the escorts of law enforcing agencies with MQM Haqqis.

The renegades called themselves MQM Haqqi. These were the gentlemen who after being expelled from MQM. What happened after the fateful Friday has caused confusion and misgivings. The leaders of the

Haqiqi group have been leading the law enforcing agencies to torture dens and ammunition caches of MQM. Some of the women have come out with tales of suffering and torture at the hand of MQM non-Haqiqi.

With all the ISPR [Inter-Service Public Relations] briefings nothing substantial or shocking has been unearthed. In a population of about 9 million and a monster city like Karachi, so far 23 torture places, over 100 Kalashnikovs, half a dozen machine guns, rocket launchers and a couple of thousand rounds have been found. This is in spite of the fact that ex-MQM informers have provided most of the details of secret hideouts etc. Incidentally the torture cells have been left open and unattended thus it seems that no judicial process or action is likely to be initiated in this regard.

The confusing part of the episode is that up to the eve of 18th June, MQM was a bosom partner of IJI [Islami Jamhoori Ittehad]. Altaf Bhai was nearest and dearest to the authorities in power. What had happened overnight that turned Altaf Hussain and his associates into criminals of the highest order? The torture cells and dens were not the making and doing of a night time. Why were the authorities hobnobbing with such anti-state and hardened criminals? Weren't the authorities aware of the doings of MQM leadership?

This sudden wrath on MQM has created a lot of misgiving in the minds of common men and women especially when the wrath has been unfolded at the behest of a handful of ex-MQM personalities who were thrown out of the organisation for their alleged misdeeds. Unfortunately, these gentlemen also do not have a clean record to convince the people of their credibility.

Media men who had been victimised and threatened by MQM from time to time during MQM's heyday and consequently had become hostage to the organisation, now felt free and have started publishing whatever is made available to them. This is creating further confusion. Nobody is able to judge as to what is wrong and what is right.

With the passage of time, however, people have started having a soft corner for MQM. The strategy of nonresistance and nonviolence adopted by MQM in the post-clean-up period has started giving dividends. Majority of Karachiites are of the opinion that MQM-Haqiqi are as blameworthy as non-Haqiqi in establishing the torture cells and other anti-social activities. In fact their criticism even covers the IJI government at the centre and the Province of Sindh. By and large the action in progress is being considered restricted to anti-MQM and anti-Urdu speaking people. Statements made by the Chief Ministers of Punjab and Balochistan and the Special Adviser to the Prime Minister, Chaudhary Nisar Ali, have added further credence to such feelings. The other point that crops up in mind is as to why these gentlemen have made such anti-Army outbursts; in spite of being so close to the Prime Minister and perhaps even the President.

We would like to reproduce extracts from the army spokesman's press briefings, without any comments. Such statements are an example of self-immolation: "repudiated the impression that the Operation Cleanup in Sindh is aimed at MQM bashing and termed it as absolutely incorrect." Chief of the Army Staff had categorically stated several times that the operation was not against any group, party or community. He said such an impression was being perpetrated by "vested interest." He also pointed out that the Army was not behind the June 19 or other incidents in Karachi, and he claimed and reiterated that it was not abetting any members of the rival groups.

"The spokesman said that the "torture cells" unearthed in the city, lately were not the "handwork" of the Army and were in fact in the knowledge of common people. The army did not indulge in such acts of terrorism and barbarism. Referring to the discovery of arms and ammunition in Karachi, the spokesman said "owing to certain political considerations" the army was not able to take timely action resulting in the transfer of arsenals to safe areas and undergrounding of criminals. The spokesman said it was not absolutely correct that Karachi was full of arms.

One fails to understand as to why the army got into such a situation where it seems that even the government has left them in the lurch. This is the first time in history of the country, after the East Pakistan tragedy where Army is being branded as the only anti-ethnic political and side tracking other such organisations in existence. Is it a response to the humiliation suffered by one major and few NCOs [Noncommissioned Officers] at the hands of MQM stalwarts some time ago? Or is it an unintentional honest misjudgment of the situation? Or is it that the Army has unwillingly become a part of the plan designed by politicians to malign it and to keep it under their thumb?

Since the imposition of the first Martial Law, and specifically during the regime of the late Gen. Ziaul Huq, the Army had become a power to reckon with in the affairs of the country. Politicians and their organisations of all shades and colours, with Gen. Zia or against him, were very systematically discredited in the eye of the public except for the triple "P" [Pakistan People's Party] which still has a sway with the people of Pakistan. All tricks and measures available were used to bury the triple P like its mentor, but to no avail. After ZAB [Zulfikar Ali Bhutto] now BB [Benazir Bhutto] has become a pain in the neck for the people in power; in fact she is like a phobia to them.

While she was the Prime Minister, BEE BEE [Benazir Bhutto] made the fatal mistake of confronting the service Headquarters. The master planner and the Public Relations man that the GHQ [General Headquarters] has so far produced, in his own way not only projected himself but also ensured the ouster of the first lady Prime Minister of the country if one believes what the Special Adviser to the Prime Minister says.

Could it be that the initiation of action in Karachi at the behest of Islamabad was a ploy, to discredit the Army, specially after the Jamshoro episode? Politicians are politicians and would not like to be dictated by the man in Khaki; it was to their great disliking that the bastion of power had shifted to the barracks of Saddar, Rawalpindi.

The incredible part of the Karachi clean-up is the attitude of MQM supporters. So far the tally shows that the MQM hierarchy and the organisational set-up remains intact. Law enforcing agencies wherever they have gone to show and use force have met either decorated streets or expressionless faces staring at them. Not a good omen indeed. What has been proved so far as a result of the cleanup action? Nought, except for misapprehensions and misgivings on the part of the people.

The way to extricate from the quagmire into which the law enforcing agencies seem to have stuck lies in their clean-up of such ill reported organisations like the police, Electric Supply, Water Board, Telephone, etc. Electric breakdowns, shortage of water, inflated bills are adversely affecting people of Karachi, by and large. In addition to the mopping up of antisocial elements, if the army could restore sense and sensibility in these organisations, it would be a great service and Karachiites will remember the army for all times to come.

### **Sharif, Khan Said To Oppose Military Victory**

92AS01366A Karachi JANG in Urdu 16 Jul 92 p 8

[News Report: "President, Prime Minister Do Not Want Army To Succeed"]

[Text] New York (Special Correspondent)—Colonel (Ret.) Ghulam Cheema, former minister of state for defense, said that Prime Minister Nawaz Sharif has lost his effectiveness in resolving the Sindh issue and that he just is not connected with the military operation in Sindh. He further said that the army is being asked to do its duties in Sindh with its hands tied and the military is being given a bad name deliberately. Col. Cheema was talking casually to the JANG correspondent in New York. He analyzed the whole situation in Sindh and said that there was a three-way tug-of-war between President Ghulam Ishaq Khan, Nawaz Sharif, and the military. The president and the prime minister do not want the military to succeed in its goal in Sindh to protect their political interests. The military would be so demoralized with its failure that it would be helpless in front of the president and the prime minister and lose the respect of the people. The federal minister, who served in the Benazir cabinet, emphasized that Pakistan's security and future calls for total and undisputed success of the military operation in Sindh. "If our enemy, India, took any action, it will not attack Punjab or Kashmir. It will enter through Sindh's border. In order to counter the enemy's activities on the borders effectively we must clean up totally the instigators and those responsible for unrest in Sindh. This way, the armed forces will not have to worry about them and can focus on the enemy." He

further added that horse trading for membership of the Sindh State Assembly has already started and some people have arrived in Karachi from Islamabad and Lahore loaded with bundles of currency notes and favors in order to change Muzaffar Shah's minority government into a majority government by purchasing votes and principles. The retired colonel told the JANG, "The prime minister is busy slinging mud at the military through his cabinet members and advisers and wants to protect the MQM [Mohajir Qaumi Movement] terrorists. Meanwhile, President Khan is trying to make sure that the military fails in its efforts and is bad-mouthing it to protect the MQM and his own vested interests. God forbid, if the operation in Sindh is unsuccessful, then the whole of Pakistan will be effected negatively." He labeled this operation, called under Article 147, an order to the military to perform its duties with its hands tied and said that the military should have been given full power under Article 245. Ret. Col. Cheema said President Ghulam Ishaq Khan and Prime Minister Nawaz Sharif knew about MQM's terrorist activities and its maintaining torture cells and still supported and helped it. When he was told that the MQM also collaborated with the PPP [Pakistan People's Party], he said that the MQM was forced on us by pressure from "above" and the cooperation between the MQM and the PPP ended within one month.

### **Sindhis Said To Welcome Military Deployment**

92AS1418A Lahore THE FRIDAY TIMES in English  
29 Jul 92 p 6

[Article by Asaid Ali Ahmed: "Sindhis May Forgive Past If Army Delivers"]

[Text] Dadu—"More than anything else, we want peace" said one former hostage in Khudabad. Khudabad, the ancient capital of Sindh in Dadu district, was an area of intense dacoit activity until the army arrived. Few people dared to venture out after dark. Families would barricade themselves in their homes, and few were able to sleep. In Hafz Rajab Panhwar village, near Johi town, activity ceased at dusk. In each household two family members would stand guard against dacoits, but often to no avail. There were few nights that didn't reverberate with the sound of gunfire. And although the village is poor, many were kidnapped, including young boys who during captivity would be sexually abused.

The arrival of the army has, at least for now, brought peace. Peace has been in short supply over the past few years and Sindhis, who have been victims of former army operations, appear this time to be willing to pay the price of virtual army rule, as long as it brings a return to some measure of normalcy.

The acceptance of Sindhis of army control and the possible restrictions on civil liberties may seem unlikely to people not living in interior Sindh. But it is not difficult to understand when compared with the toll the dacoits have exacted for many years. Not only have

countless ordinary Sindhis been kidnapped, innumerable individuals have been callously murdered/slaughtered by the dacoits and the way of life of an entire province been disrupted. Given this alternative, it is not surprising that the majority of Sindhis, albeit with reservations, have welcomed the army.

Ahmad Khan Brahmani village is five to six miles from Dadu city. On September 27, 1986 during the MRD [Movement for the Restoration of Democracy] movement the army, in an infamous incident, razed the entire village to the ground. Sangar Khan, a village elder, remembers the incident well. But even though he cannot forget, he is willing to forgive. "They are not harassing the poor any more, and at least there is peace. It was impossible to sleep at night and we would hear gunfire all the time. If the army hadn't come, I don't know what we would have done."

The village was rebuilt after the 1986 army action, and is now encircled by a 10 foot high earthen wall. But the wall was not constructed out of fear of the army but as a defence against the dacoits. Although there have been incidents of army high-handedness and arrogance, the majority of Sindhis continue to welcome the army's presence. They are, however, increasingly apprehensive that the operation has stalled. There is a common belief that the army is not serious in tracking down the dacoits and their protectors. Many point out that Amir Haider Shah, G.M. Syed's son and an MPA [member of Provincial Assembly], managed to leave the country within days of the army action. Apparently many dacoits fled to Balochistan weeks before the well publicised crackdown. But many remained. "Dacoits are in our midst, we know who they are. They are pretending to be ordinary citizens," said a teacher at a village primary school in Johi tehsil. "However, we cannot identify them because the moment the army leaves they'll take revenge on us." Most people fear that unless action is taken against the pathardars, the dacoits will simply return and resume operations. Once the army leaves, it will be business as usual. Consequently, many ordinary citizens argued for an extension of the army's powers. The recent ordinance giving the army powers of search and arrest without being accountable to civilian and judicial authority, would probably be welcomed in Sindh.

It is difficult to imagine the extent to which the dacoits had terrorised the inhabitants of Sindh. Almost every other Sindhi has either been kidnapped himself or had a relative kidnapped. Released hostages argue that the

police/dacoit/waders nexus has become entrenched and is responsible for the complete breakdown of law and order within the province.

In Moro, one young man relates how he had to pay Rs [Rupees] 130,000 to Laiq Chandio (of Chinese hostages fame) for the release of his two brothers aged 10 and 12. When he arrived at the dacoits' hideout in the precinct of Keti Jatoi, he found Chandio having a friendly chat over the telephone with the local S.P. [Superintendent of Police]. He paid the ransom in two instalments of Rs 110,000 and Rs 20,000. Chandio's minions assiduously counted the money and discovered it to be Rs 5,000 short. "Actually, I had the money in my pocket; I had forgotten to put it in the bag as I was in a hurry." But the dacoits thought they were being short-changed. "Although I had the money on me, if I had pulled it out they would have thought that I was trying to cheat them. So I told them I would bring it with the remaining Rs 20,000. When I came to make the final payment, the first thing they asked was whether I had brought the five thousand." Later they had the gall to invite him to join them for the evening's entertainment—they brought prostitutes and alcohol from a nearby town. Other hostages recount similar stories and allege that, while in captivity, they saw local police officials and political figures enjoying the hospitality of the dacoits.

Sindhis increasingly fear that if the army remains for too long then they will also be co-opted into the existing power structure, like the rangers and police before them. "It will be difficult for the army to remain neutral. Already senior personnel are hobnobbing with local influentials," said a journalist in Mehar. Whether army officials are actually being influenced by their social contacts with local influentials remains a moot point. But the perception amongst an increasing number of Sindhis is that they are. The example of Tando Bahawal remains a powerful reminder that the army needs to stay internally vigilant if it wishes to be perceived as neutral.

The army is mainly encamped in the urban centres and only ventures into riverine or kachho (mountainous) areas, where some dacoits are still holed out, when they receive a tip off. According to locals, even if the army captures a dacoit alive, he is shot—after interrogation—and the incident is disguised as a shoot-out or "encounter." Although these allegations are unconfirmed, the fact that no dacoits have so far been caught alive, seems to support them. In any event, the dacoits had unleashed such a reign of terror, that ordinary Sindhis do not seem particularly concerned about these extra-judicial deaths. How long this honeymoon between the army and the Sindhis will last, however, remains to be seen.

**Economic Climate Viewed With Pessimism**  
**92AS1447E Karachi DAWN in English 2 Aug 92 p 11**

[Editorial: "Not a Rosy Picture"]

[Text] The overall business climate and the economic management, as revealed in a recently published Survey and a Review respectively, both prepared by the National Development Finance Corporation (NDFC), do not hold out promise of improvement in the near future. The period covered by the first document, the Survey, is July-December 1991 and the forecast based on replies of 163 respondents is valid for the current year. The second document, the Review of Financial Reforms and Debt Management Restructuring, examines the impact of the reforms and the consequences likely to follow in the short run. The prospects of investment and exports, contrary to claims made in official quarters, are not expected to be better in 1992 than they were in the previous year. In fact, a marked decline in investment and export may take place if there is no immediate improvement in the booking of orders. Business confidence eroded during July-December 1991 compared to the earlier six months. During this period only one percent of the 163 companies surveyed displayed optimism. In earlier six months this percentage was 18. The main causes of this erosion were devaluation of the Indian rupee, the collapse of the BCCI, the consequences of the Gulf war and the recession in countries which are among our main trading partners, especially the United States.

Sector-wise responses of the industries surveyed differed: consumer goods industries displayed diffidence, resulting perhaps from increasing unemployment and declining living standards, while 42 percent showed outright pessimism; intermediate goods industries hoped not to do too badly and capital goods industries expected to do a little better than in the previous six months, having sufficient orders in hand. The findings of the Survey have proved more or less correct as borne out by facts of the January-June, 1992, period and this shows the maturity of the forecasting organisation. In the consumer sector, the cotton textile industry, the biggest segment of the manufacturing sector, is passing through a period of crisis. Spinners are planning to cut down production by 14 to 28 percent. A similar crisis is said to be brewing in the second biggest industry of leather and also in chemical and ceramics. These industries had felt highly confident as recorded in the previous survey: optimism in cotton was 30 percent and in leather 35 percent. Cables, electrical, woollen, auto and mechanical engineering industries, however, presented a contrast by registering a confident outlook.

Pessimism is marked in export prospects for the current year. The forecast for the first six months has come true. Exports rose by only 11 percent during the fiscal 1992 as against the targeted increase of 20 percent. Prospects for the next six months are also depressing as, among the industries surveyed in the consumer sector, not a single

unit displayed confidence. In fact, 39 expressed pessimism. The export figures for the month of June have already registered a decline as compared to those of the same month last year.

According to the Survey, prospects for investment are gloomy. Overall orders booked were 34 percent less than normal, the sharpest decline was in the capital goods industry, probably because of the petering out of demand for machinery in the sugar sector and the changes in the deletion policy in respect of the automobile industry. Intermediate goods industry also is in no better shape. It registered a decline of 24 percent in normal orders. The whole year of 1991 saw a consistent decline in booking of orders; during the first half the downslide was low but in the latter half it was quite sharp. The impact of this decline was felt during fiscal 1991-92 and is likely to be more pronounced during the current year.

The financial reforms and debt management restructuring, according to the Review, had come at a very inappropriate time. The political decision-makers and the managers of the economy either lacked a correct understanding of the situation or were less committed to the implementation of the reform. The pre-conditions for success were strict fiscal discipline and enforcement of measures to reduce the gap in the external balance. The Review says financial sector reforms, aimed at attaining micro-economic efficiencies, should have been instituted only after the government had achieved fiscal discipline. On the contrary, the reforms were initiated when the budgetary deficit was running at 7.47 percent of GDP [Gross Domestic Product]. The remedy at that time was not financial deregulation but pruning of government spending. Introduction of public debt auctioning has further raised government obligations. According to the Review, the revenue side did not improve, various taxes having suffered shortfalls, nor have foreign cash flows become available according to projections. There are no clear indications even now that the government intends to live within its means. Persistent financial indiscipline, the Review says, would lead to a rise in macro-economic instability fuelled by rising debt-servicing costs and deficits.

The total picture that emerges from the Survey and the Review is not very promising, at least in the immediate future. Expectations that the government leaders are raising are difficult to fulfil. With poor prospects of investment and export, jobs will remain scarce. To avoid any social upheaval, a million jobs need to be created annually only to maintain the current level of living. This seems an elusive target at the moment.

**Government Said Misusing Foreign Currency Accounts**

**92AS1475A Peshawar THE FRONTIER POST  
in English 1 Aug 92 pp 1, 5**

[Article by Altaf Hussain: "Govt Misuses \$2b From Foreign Currency Accounts"]

[Text]

### Balance of Payment Position Worsens

Islamabad—Out of three billion dollars so far deposited by ordinary citizens in the foreign currency accounts, the government has consumed around two billion dollars for balance of payment purposes and a substantial proportion of the rest of the amount has become part of the government's foreign exchange reserves that reached the level of one billion dollars on June 30, 1991, THE FRONTIER POST has reliably learnt.

The federal minister for finance, Sartaj Aziz, when asked to give the break up of the money accumulated from various heads in the foreign exchange reserves account, declined to do so saying it was not possible to give the break up of the items covered under this account for the fact there were many other items too that sum up in the form of foreign exchange reserves of the country.

The federal secretary finance, Qazi Alimullah, on this occasion, in an attempt to elaborate the official position, said "nowhere in the world the liquid foreign exchange reserves are shown the way it is being demanded here." When asked why the government has consumed such a huge proportion of money for its own foreign exchange needs without taking the depositors into confidence, Qazi said "no bank in the world asks its depositors where the deposits should be invested." Rather moving a step ahead, he insisted that "in the past all governments borrowed from other economies in order to develop and invest in this economy. The government has borrowed from its own citizens." In other words, the secretary finance supplemented the prevailing fears in the private and public international banking sector of the country that the hard-earned money being deposited by the people was being used by the sitting government rather than being directly invested by the banks in profitable investments.

One major and rather foremost factor that differentiates between the investment made by the original depositary and the government is the probability of return of the money whenever it is required. Although the banks cannot at all return the deposits at once in cent percent cases [as published], the prospects of the same are more in case of banks owing to the fact that the banks only invest whereas the government uses this money to pay back its liability in the form of foreign exchange component. An economy whose terms of trade are continuously deteriorating and the balance of trade as well as payments is moving against the government, it is rather risky to consume private accounts money for such long term consumption purposes.

It is extremely important to mention that under the circumstances where the shortage of foreign exchange is becoming rather soar each and every year, how the government will be able to manage even ten percent of the deposit pay backs when it already has utilised 60 percent of it and substantial proportionate of the rest is

put under an account where the money can be drawn from any moment for balance of payment purposes.

It is extremely important to note that in the past few months there has been complaints about the banks dealing in foreign currency accounts where they have been offering bank to bank transaction of the foreign currency instead of any cash payment. Amazingly, the sitting government still feels proud in claiming major increase in the foreign exchange reserves notwithstanding the fact that most of the money in this account is accumulated through short-term deposits with no time bar for withdrawal.

Independent economists are of the opinion that this is a direct reflection of the overall state of economy where government's requirements for budgetary support have multiplied in a very short span of time. According to "Fiscal and Monetary Update" issued by the Planning and Development Division of the Ministry of Planning, there was witnessed a shortfall of Rs.[rupees] 2.0 billion in the net foreign assets against the target of Rs. 2.7 billion and compared to net foreign assets shortfall of Rs. 3.8 billion in the corresponding fiscal year.

Interestingly, increase in the foreign exchange reserves is the only point where improvement has been shown in the economic performance of the government during the previous fiscal year as far as terms of trade are concerned. While these reserves increased to 1.02 billion dollars against the target of 770 billion dollars, the exports have been only to the tune of 6.8 billion dollars and imports have been 91 billion dollars against the targets of 7.1 and 7.5 billion dollars respectively. Overall, trade deficit amounted to 2.3 billion dollars compared to the target of 371 million dollars and last year's deficit of 1.4 billion dollars.

Rather more serious is the position of Direct Foreign Investment (DFI) during the last fiscal year that ended on June 31. According to the statistics issued by the Ministry of Finance, total DFI in the year 1988-89 was 209 million dollars, in 1989-90, 216 million dollars, in 1990-91, 246 million dollars and in the year 1991-92 it amounted to 257 million dollars. Despite the fact that according to the government figures, the amount of 257 million dollars has been invested in only first nine months of the fiscal year. This does not reflect even a fraction of the difference that had been projected by the federal ministers for finance and industries especially on the occasion of two investment promotion conferences, one which was held at Islamabad and the other which was held recently in London. Only after the first investment promotion conference at Islamabad, the government claimed that it was expecting DFI at the tune of 1 billion dollars for which projects of around 500 million dollars have already been signed and the parties signatories to these projects were also displayed in one of the post-conference press briefings. The figures issued at the end of the fiscal year, however, depicts that there had been not much difference in the trend of DFI in the country especially if viewed from the perspective that

during the fiscal year 1990-91 when there were two governments changed at the centre, general elections were held and at the international level there was a significant impact of war in the Persian Gulf.

At a press briefing here on Friday, Sartaj Aziz told this scribe in reply to a question, that negotiations between the government and the World Bank could not be started during the previous fiscal year on the issues of Public Sector Adjustment Loan (PSAL) and Social Action Plan (SAP). The minister had earlier claimed that the money under both the heads would be made available to Pakistan in a matter of few months, the negotiations on PSAL had been put off to the current fiscal year and the date for SAP negotiations was yet to be announced. This is notwithstanding the fact that the government officially launched the SAP throughout the country. The loan with the World Bank, which comprises half of the total SAP investment requirements, is yet to be embarked upon let alone the issue of time of its disbursement. Once again, Sartaj Aziz, however, hoped that both the loans would be disbursed during the current fiscal year.

APP [Associated Press of Pakistan] adds: Addressing a press conference on the current economic situation and comparison of economic achievements during the IJI [Islami Jamhoori Ittehad] and PPP [Pakistan People's Party] tenures in their respective 20 months, Sartaj Aziz said that it was a matter of record that both the tenures of PPP government (1972-77 and 1988-90) were marked by the lowest growth rates in the past 30 years.

He said that economic growth in 1990-91 and 1991-92 was 5.6 and 6.4 percent respectively against 4.8 and 4.7 percent in 1988-89 and 1989-1990.

He said exports in 1990-91 and 1991-92 increased 23.7 and 11.2 percent respectively as against 6.2 and 6.3 percent in the earlier years.

Sartaj said that another achievement was the quantum jump in private investment. In the last two years, he said, private sector investment rose by at least 48 percent. Taking actual annual level of private investment, it was almost doubled from Rs. 64.2 billion to 113.6 billion in 1991-92.

He said even in respect of inflation and prices, where the record of the PPP government was on the whole satisfactory, the IJI government had also done better.

The foreign exchange system, he said, had been greatly liberalised and contrary to what some people had feared, foreign exchange reserves, and foreign currency accounts had increased and the exchange rate of the rupee in terms of U.S. dollars had depreciated by only 13 percent during November 1990, to June 1992, as compared to 14.1 percent during December 1988 to August 1990. The level of exchange reserve on June 30, 1992 was 1,021 million dollars which was the highest level since June 1985.

Sartaj said exchange payments had resulted in greater and easier flow of foreign currency, adding that it had caused increase in foreign currency accounts.

The minister said the privatisation process had been successfully implemented. A total of 54 industrial units had been sold out so far and actual management of 42 units had already been transferred, he said.

Responding to a question, the minister explained that the privatisation process was not causing monopoly of few families over the economy as most of the units were purchased by the new parties.

The minister categorically stated that no violation of rules and regulations was committed by the government in this respect.

Sartaj said that the government would initiate legislation in the forthcoming session of the National Assembly to give constitutional protection to the economic reforms.

#### **Minister Claimed Lying About Foreign Exchange Reserves**

92AS1418E Lahore THE NATION in English 27 Jul 92 p 8

[Editorial: "Foreign Exchange Reserves"]

[Text] The Irrigation Minister of the Government of the Punjab, Sardar Aulfiqar Ali Khan Khosa, has lauded the economic policies of the Federal government and stated that Pakistan's foreign exchange reserves have increased by more than one billion rupees as a consequence. He also claimed that Prime Minister Nawaz Sharif's self-employment schemes are bearing fruit. While mainly attacking the Opposition leader's statements that the present government was formulating defective economic policies, Mr. Khosa seemed to be solely projecting the impression of being loyal to the ruling party. And hence his defence of the economic policies of the present government must be taken with a pinch of salt, not only because he presented a biased approach, which does not bear much resemblance to the truth, but also because he really is not in a position to judge the economic situation prevailing in the country today. His claim that foreign exchange reserves have increased can be easily disputed by the acknowledgement of the Federal Finance Minister during the budget speech that the trade deficit has worsened because of the unprecedented rise in import of machinery. And his assessment of the self-employment scheme of the PM [Prime Minister] can also be easily disputed when one realises that 98 percent of such loans were allocated to the rich and the influential, statistics given by those allocating the loans.

Defending for the sake of spreading the perception that one is loyal to the ruling party and the Prime Minister does little good to any one. Mr. Khosa, as an elected representative, ought to be more concerned with improving the lot of his constituents in particular, and through suggesting concrete measures to the Federal

government, attempt to aid in improving the performance of the economy in general. That macro economic revisions are required if our crucial economic indicators are to show improvement is evident to all. And must be so to Mr. Khosa as well. But criticism is not tolerated within our political system and that is why such one-sided statements are issued which have little truth in them.

### **Economist Suggests Measures To Offset Trade Imbalance**

*92AS1447G Karachi DAWN Supplement in English  
1 Aug 92 p V*

[Article by Aftab Ahmad: "Correcting the Imbalance Through Use of Trade Policy"]

[Text] The trade policy for 1992-93, announced a few days ago, provides a number of incentives to boost the export of non-traditional items, i.e., sports goods, surgical instruments, cutlery, cotton yarn, fresh fruits and vegetables, footwear and ceramics and furniture. Certainly, this is a step in the right direction, as to promote

exports is the need of the hour. However, simultaneously, steps have been taken in the trade policy to further liberalise the imports and 21 items have been removed from the negative list, in addition to other measures taken in this regard.

There is no doubt that a liberal import policy is necessary to meet our genuine development needs. However, at the same time, it is necessary to strike a balance between how much we need and how much we can afford.

Since the inception of Pakistan, during the last 44 years, we had a favourable trade balance only thrice; first, in 1947-48 which was the first year after the establishment of Pakistan, second, in 1950-51, due to Korean boom and, third, in 1972-73, following separation of the eastern wing from the country. Excepting these three years, the country's balance of trade has always been unfavourable. During the last few years, the country's exports have registered impressive growth, but due to our inability to contain imports, we have not been able to get rid of our chronic trade deficits.

Table I shows the country's export and import trade and trade balance since 1985-86.

**Table I. Exports, Imports and Trade Balance—at current prices  
(US\$ million)**

	Exports	Imports	Balance
1985-86	3,070	5,634	-2,564
1986-87	3,686	5,380	-1,694
1987-88	4,455	6,391	-1,936
1988-89	4,661	7,034	-2,373
1989-90	4,954	6,935	-1,981
1990-91	6,130	7,619	-1,489
Average Annual Compound Growth Rate	14.8	6.2	—

Source: Pakistan Economic Survey 1991-92.

Table I shows that during the last five years, the country's exports have grown at an average compound rate of 14.8 percent, whereas the imports have grown at a relatively lower rate of 6.2 percent. Even then, the country was faced with a trade deficit of \$1.489 billion in 1990-91.

To do away with the trade deficit and turn the deficit into surplus, the country's trade policy will have to put greater emphasis on correcting the trade imbalance, which can be done by examining the imports, item by item, to find out which of the imports can be done away with, without sacrificing the genuine development needs of the country; in addition to taking prompt and effective measures to export promotion.

### **Composition of Imports**

A close look at the list of items imported into the country would show that the main items of import were chemicals, drugs and medicines, chemical fertilisers, electrical

goods, machinery (non-electrical), transport equipments, iron and steel and manufactures, petroleum products, tea, edible oil, grains, pulses and flours.

Of these items, the bulk of our foreign exchange resources is spent on the import of chemicals, machinery, transport equipment, iron, steel, petroleum products, edible oil and wheat.

There is obviously little that we can do about the import of eatables namely edible oil, wheat, tea, sugar and pulses. If these items are in short supply in the country, they have to be imported to save the people from hardship. Similarly, it may not be possible to reduce the import of chemicals, drugs and medicines and chemical fertilisers. However, an effort may be made to find out if the import of the remaining major items namely machinery, transport equipment and iron and steel manufactures can be contained. Unless this is done, it may be difficult to get rid of the chronic trade deficits the country is faced with. Composition of country's imports is shown in Table II.

Table II

	(Rs.million)
Chemicals	10,198
Machinery (non-electrical)	21,084
Transport equipment	7,861
Iron Steel and manufactures thereof	5,002
Petroleum products	29,270
Edible oils	6,441
All other imports	43,161
Total:	123,017

Source: Pakistan Economic Survey 1991-92.

### Achieving the Goal

If future trade policies can maintain the growth rates for exports and imports recorded between 1985-86 and 1990-91 (viz. 14.8 percent for export and 6.2

percent for imports), the trade deficit would be completely wiped out in the next few years and we could earn a trade surplus in 1995-96, as shown in Table III.

Table III. Projections Regarding Exports, Imports and Trade Balance During 1990-91—1995-96  
(US\$ million)

	Exports	Imports	Balance
1990-91 (Actual)	6,130	7,619	-1,489
1991-92 (Estimated)	7,000	9,200	-2,200
1992-93	8,036	9,770	-1,734
1993-94	9,225	10,375	-1,150
1994-95	10,590	11,019	-429
1995-96	12,158	11,702	+456

Note: Exports projected to grow @ 14.8% p.a and imports @ 6.2% p.a, from 1992-93 onward.

Source: Pakistan Economic Survey 1991-92.

This should not be a difficult target to achieve and we should take all possible measures to make it a reality. The chronic trade imbalance has added to the country's foreign debt burden and has also been responsible for the growing budget deficits by increasing the country's debt servicing liability. If the situation changes we may be able, in due course of time, to reduce our external debt burden and, also, balance our budgets. Above all the country would be moving towards the cherished goal of self-reliance.

### Foreign Deficit Said Increasing Despite Reforms

92AS1447F Karachi DAWN Supplement in English  
1 Aug 92 p V

[Article by Sultan Ahmad: "Pakistan's Foreign Exchange Deficit Enlarging"]

[Text] Pakistan's foreign exchange constraints are getting increasingly aggravated despite the sweeping foreign exchange reforms and the substantial inflow of foreign exchange that followed.

Major reasons are the increasing trade deficit which rose by 56 percent in 1991-92 over the preceding year and the fall in remittances to the extent of \$350 million in place of an increase expected. Added to that is the increasing payments made on the service account, particularly in respect of shipping and the outflow of funds on account of dividend payments on the foreign investments in Pakistan, including the new portfolio investment on shares of companies listed on stock exchanges to the extent of over \$120 million.

The rise in the trade deficit to the extent of \$2.32 billion (exports \$6.81 billion, and imports \$9.14 billion) was recorded as the exports rose by 11 percent while the imports shot up by 20 percent.

The current year is not expected to be much better with the export target at \$8 billion (an increase of 15 percent over the previous year) and imports anticipated at \$9.9 billion leaving a trade gap of \$1.9 billion which, though less than last year's deficit, is still very large and holds little scope for distinct improvement unless the exports rise substantially or the export prices of our primary products go up, or the imports fall. Added to that is the

precariousness of the home remittances which are estimated at \$1.5 billion, or nearly half the earnings of the peak remittances of 1982-83.

#### Main Drawback

An \$8 billion export target is not very ambitious; but the remains that Pakistan's readily available exportable surplus is not very large, except in the area of cotton and cotton products and rice. International prices of both items are low. Generous tax concessions have been provided to import machinery for the textile as well as in the area of export taxes; but the textile mills have been too slow to make the necessary adjustments which will enable them to earn more for less exports. This drawback has to be remedied now and Pakistan's textile mills and exporters have to opt for higher value exports.

The textile mills want either further tax education even after the export duty has been slashed from three to one rupee per kilogram—or further devaluation of the rupee to make the exports cheaper. The government which devalued the rupee by only 3.30 percent in relation to the dollar (but somewhat more in relation to other major currencies) compared to 10.25 percent in the preceding year. The current exchange value of the rupee is Rupees 25.13. But the government has to watch the international market carefully and act swiftly as the textile mills of India, too, have come up with the same kind of demands to accelerate exports and reduce the large balance of payments gap.

Pakistan's balance of trade problems springs from the fact that it has to import heavily to export more. Even in 1991-92 when cotton manufacturers garnered 50 percent of the export earnings, 38 percent of all its exports were industrial raw materials, whereas six percent were spent on import of machinery.

#### Machinery Manufacturing

Now it has been said that Pakistan's imports shot up by 20 percent in 1991-92 because of the rise in import of machinery by 56 percent or nearly 40 percent of the total imports. This large increase in import of machinery has been due to the fact that Pakistan has made small efforts to increase its capital goods manufacturing capacity, and the private sector prefers importing because of the chances of malpractices in such imports.

But not all the import of machinery is done on the basis of cash payments. There is a good deal of imports on suppliers credit or pay-as-you-earn basis. How much of the import of machinery worth \$2,434 million is on suppliers credit from countries like Japan and South Korea remains to be seen. The state Bank of Pakistan or Finance Minister Sartaj Aziz ought to give us a full picture of how much we owe to whom, and how much we are to collect from others in foreign exchange as outstanding export earnings.

Meanwhile while the long term external debt of Pakistan is \$16.5 billion, (excluding the \$9.2 billion in the pipeline) the total of long, short and medium term loans comes to 22 billion, as estimated by the Asian Development Bank. And that is indeed a large debt when the current account balance of payment's deficit last year was estimated at \$2.81 billion compared to \$2,171 billion in the preceding year.

That had to be so as imports shot up last year by 20 percent against the estimated rise of 2.5 percent, while the exports rose by only 11 percent compared to the target of 20 percent. Hence this year export target has been scaled down to 15 percent. And along with that home remittances fell by \$350 billion which possibly went into the foreign exchange accounts in commercial banks in Pakistan.

With the current account balance of payments deficit nearing \$3 billion and the debt servicing cost annually exceeding \$1.5 billion Pakistan is really in a tight corner. And this is all the more so when net aid transfer is declining steadily and has come down to 31 percent compared to 95 percent in 1960-61, 44 percent in 1989-90 and 36 percent in 1990-91. With no new American aid commitment and Germany too, reducing its aid because of its German and European, including East European, commitments, the aid prospects for Pakistan are far from bright.

#### Tight Corner

While the net aid is falling steadily and external borrowing beyond some narrow limits is not easy, the solution lies in attracting foreign investment. But foreign investment cannot rise without a distinct improvement in the political climate, radical changes in the law and order situation, and lesser obsession with Islamisation of the economy without knowing what precisely that should be, and how could that be effected.

And we need the kind of external investment which will help us to export far more as otherwise Pakistan's foreign exchange liabilities will increase and Pakistan will have to spend far more on the import of raw materials for the use of the new industries as well and aggravate its balance of trade deficit.

#### FE Reserves

Meanwhile I am told that Pakistan now treats the foreign exchange deposits in foreign and Pakistan bank branches here as a part of its foreign exchange reserve. I am also told that instead of the \$150 million spent out of the new deposits in the banks as mentioned by Mr Sartaj Aziz Pakistan has used up about \$400 million and as a result the foreign exchange reserves are around \$700 million.

Technically foreign exchange reserves are estimated at about 2.7 billion inclusive of the outstanding export earnings of \$1.5 billion at a time, and 700 million dollars worth of the gold reserve \$150 million with foreign exchange dealers here. But the actual net foreign

exchange reserves are around \$700 million the rest mainly represents the foreign exchange accounts of overseas Pakistanis and others in Pakistani banks. These are not the reserves of the government or the country itself. These are Pakistan's obligations.

I am told by the State Bank officials that even before the Foreign Exchange reforms foreign exchange accounts in the banks accounted for \$1.2 billion and \$1 billion more came into the banks following the reforms.

But as the government continue to use these deposits as well as tries to treat the deposits as part of the foreign exchange reserve of the country, it has to intensify its efforts to mobilise more of the non-refundable foreign exchange through larger exports, reduced imports and far more home remittances. And of course, foreign portfolio investment in the shares of companies in Pakistan and direct investment in industries can also boost the foreign exchange reserves, though these two are repatriatable earnings. However these are areas where Pakistan should show greater alacrity and produce positive results instead of hoping that the reforms themselves would produce miracles.

**Economic Growth Said Thwarted by Inflation**  
*92AS1447H Karachi DAWN in English 30 Jul 92 p 11*

[Article by Sultan Ahmad: "The Disruptive Inflation"]

[Text] The federal budgetary expenditure is to rise by Rs [Rupees] one billion in the wake of the adoption of the budget by slashing the modest Annual Development Programme [ADP] by Rs 6.5 billion so as to bring down the budget deficit to a level acceptable to the IMF.

When the budget was presented on May 14 we were told that no increase in the pay and allowances of government employees was proposed this year since very substantial increases were provided to them last year at a cost of Rs 6 billion plus more later on account of the enhanced pensions.

A year before, the Benazir government had enhanced the emoluments of the official employees at a cost of Rs 4 billion.

The reasons advanced for not enhancing their pay scales this year were the tight budgetary squeeze and the official claim that inflation in the preceding financial year was within a single digit, compared to 12.7 percent the year before.

The enhanced wages and allowances of the workers, including those in the autonomous bodies and public sector enterprises, are to cost around Rs 1.5 billion in a period in which the public sector units are plagued by all the uncertainties that precede their privatisation.

No mention has been made of the impact of the rise on the emoluments of the employees of the provincial governments and local bodies from grade 1 to 16 by Rs 100 p.m. That total shall exceed half a billion rupees.

The question is: Where is all this money to come from? And how will the IMF react to the increase in government expenditure and rise in budgetary deficit following some of the fiscal concessions given to the textile industry after the budget was passed and which will reduce the federal revenues?

Will the government come up with additional taxation or slash the ADP further or make the collection more stringent? Surely it cannot collect far more if the Central Board of Revenue is auctioned off to the Federation of Chambers of Commerce and Industry. Will the public sector enterprises raise the prices of their services and products to make up for their enhanced wage bill which disrupts their budgets? Of course, the private sector would be doing the same as they can't afford a reduction in the volume of their profits, and if their profits fall the income tax revenues of the central and provincial governments too will fall.

Since the raise in pay scales is the decision of the federal government the provinces with their tight budgets and increasing demands on them to spend more and more on law and order, will ask the federal government for more funds to pay the higher wage bill.

Prime Minister Nawaz Sharif is committed to provide Rs 5 billion to Sindh in two years to overcome its financial problems. He had pledged Rs 10 billion earlier, but only a fraction of this amount has been provided to Sindh so far. Unless far more is provided quick, the post-army action economic rehabilitation in Sindh may not come through properly, and what was gained by the army action may be lost too soon after that.

There is a clear dichotomy in the official monetary policy. On the one side, the money supply is sought to be reduced by contracting credit so as to lower the level of inflation and on the other the wages of the government and private sector employees are being increased after the budget has been passed and the ADP slashed. There is an excess of one-step forward and one-step backward movement in Pakistan's economy instead of the sense of direction being clear and the movement towards established goals being straight and steady.

The fact is that curtailing credit does not have as much impact on the economy as a whole as it has in the industrialised states. Neither enhancing the interest rate nor reducing the credit has held up the economy in a big way as the size of the underground economy in Pakistan is relatively far larger than that in the industrialised states. So such economic tools are not effective for reducing inflation in Pakistan.

But when wages are increased all round or taxes raised, particularly indirect taxes, that does aggravate the sustained inflation. Our supplies are not unlimited for increasing demand to have no effect on prices.

The government on its part wants us to believe that economic laws, however valid in other countries, do not have any relevance in Pakistan. For example, monetary

expansion in Pakistan in 1991-92 up to June 4 was 18.31 percent while the target rate was 12.89 percent. And the increase in domestic credit was 22.58 percent against the target of 12.49 percent, and yet the rate of inflation for the whole year up to June 4 is claimed to be under 10 percent or 9.7 percent.

But normally if the money supply increased by 18.31 percent while the GDP [Gross Domestic Product] increased by 6.4 percent the inflation should be 11.9 percent and not under 10 percent. Mr. Sartaj Aziz will argue that he is talking on the basis of the Consumer Price Index [CPI] and not the reaction of the money supply on prices. But the cold market reality does not bear him out.

When domestic credit is almost double of the targeted 12.49 percent even before the year was out and the last year's budget too had given a big cost-push to the economy, it is hard to believe that inflation last year was within the "magical" single digit.

But the fact is that in a country which has been groaning under heavy inflation for the last 25 years even a five percent inflation over the cumulative inflation of a quarter century can be too heavy. It is possibly a realisation of the real extent of the inflation plus clear political considerations in a period of political turbulence, which have made the Prime Minister come up with the kind of wage increases in the private and public sectors that he has done.

In 1989-90 inflation was only 6 percent as the money supply in that period increased by only Rs 34 billion but since July 1990 to April last the monetary expansion was to the extent of Rs 118 billion. Such a large volume of money in circulation has to push up inflation in a big way as the market reality testifies.

It is this rise in inflation that has hit the savings hard. National savings as a percentage of the GNP [Gross National Product] stood at 13.4 percent in 1989-90, and increased slightly to 13.6 percent next year but declined to 12.7 percent last year, says Mr. Shabgatullah, deputy governor of the State Bank of Pakistan. Understandably when inflation gobbles up domestic and official savings, the national savings rate has to come down even when our target or dreams remain a savings rate between 20 to 25 percent to build a better and secure future.

As a result of such a poor savings rate, gross fixed investment rate remains low or stagnant at around 18 percent of the GNP. After making an allowance for an inflation rate which is usually five percent higher than the CPI, there is hardly any increase in the investment rate. And if this rate inched up to 18.5 percent last year from 18 percent in 1988-89 and 18.3 in 1990-91 that could be the outcome of the increase in foreign investment rather than our own endeavours. The stock exchange boom too could have helped to some extent.

The fact is that we cannot afford such investment stagnation in a country with an annual population

growth of 3.2 percent and marked for its passion for consumerism. With this population growth rate, the real investment rate has to be at least 10 to 15 percent above the inflation rate. And that can come through only if the rate of national savings rises to 20 to 25 percent, which though an uphill task, is an unavoidable national necessity.

For want of such investment particularly in the infrastructure there is too little of drinking water in a city like Karachi, the sewerage system is woefully inadequate and the city centres are decaying fast. Of course, the pervasive corruption makes us get far less from our investment than we should.

It is inflation and conspicuous consumerism that we have to attack first, if there has to be more of savings and less of social unrest. Official indifference or apathy to inflation must come to an end now. Otherwise all our better economic pursuits will remain stymied.

#### Privatization of Tax System Criticized

92AS1418H Lahore THE NATION in English 25 Jul 92  
p 8

[Editorial: "Privatising Tax System"]

[Text] Prime Minister Nawaz Sharif, in his most innovative and far-reaching decision to date, announced that his government tends to privatise the tax collection system. The government would set a target for revenue collection and the figure of 300 billion rupees per annum was mentioned by the Prime Minister. This constitutes an increase of 43 billion rupees from the budget estimates of 1991-92-estimates that nearly always err on the side of higher revenue generation than can actually be realised. The private company would be required to pay this amount to the government. But first a committee would be constituted, to be chaired by the Federal Finance Minister and its members would include the Presidents of all the four provincial Chambers of Commerce and Industry, and that of Azad Kashmir, who would be required to outline and devise a new system of taxation and fiscal structure. Thus the actual modus operandi of the private company has yet to be outlined but in the opinion of the Prime Minister the entire Central Board of Revenue (CBR) would be contracted out to a private company.

There is little doubt that the fiscal policy of the country would remain the prerogative of the government. It is too complicated to envisage a private company formulating our tax system. It is also evident that corruption within the taxation department would be dramatically reduced through private takeover. The CBR's recent operation clean-up whereby 81 officers have been transferred may be a prelude to the dissemination of the perception that, given in a contract to a private company, its officers would perform honestly. And if a private company can promise an amount of revenue to the government, which is in excess of what the government can realise on its own irrespective of the fact that

its fiscal policies are targeted to generate it, the government would only gain by this move. And be in a position to reduce taxes if it so wishes. But the question is if a private company would be interested in such a venture. And even if it is whether it can span the whole of the country. And there is little trust among the people in the performance of our CBR officers. But if a company, or a conglomerate is willing to take on this onerous responsibility the question would be: can a right that belongs to the representatives of the people be transferred to those who are not answerable to the people. These are grave constitutional and legal implications in what the Prime Minister has said. It is not clear if he has done some home work on it. One wishes though that he had done it, before he articulated it publicly.

### Sincere Effort at Economic Development in Sindh Urged

92AS1416E Karachi DAWN in English 16 Jul 92 p 7

[Article by Sultan Ahmed: "The Post-Operation Challenge"]

[Text] How long the army action in Sindh would last is unpredictable now; but what is certain is that the army would stay for a long while thereafter to bar the return of the lawlessness and violence in this embattled province.

It is imperative to tackle the basic reasons for major crimes like kidnapping, large-scale dacoities and lifting of hundreds of cars which in 1991 in Karachi alone was ten per day along with 20 motor cycles on an average. And that has to come in the form of a comprehensive economic package for a full economic revival and steady progress of Sindh, and provide adequate employment to the people of the rural and urban areas, and particularly the large number of the educated unemployed.

That is where the real official focus has got to be now to make a success of the army action and not on keeping PPP [Pakistan People's Party] out of power in the province at any cost or whittling down its strength in the Sindh Assembly by one means or another.

The number of schemes for the development of Sindh is impressive. There is the Annual Development Programme [ADP] of Rupees 5 billion, the Tamir-i-Sindh programme for Rupees 10 billion, the new Prime Minister's Programme for Rupees 5 billion to be implemented in two years and the three-year Social Action Plan with a target expenditure of Rupees 720 million.

While so many of the schemes with large target outlays are afloat, how many of them overlap each other, and what is really the total sum to be spent on the province for its development through the funding by the external aid agencies and the central and provincial governments is not clear. Someone ought to tell us the facts.

It is really important that the provincial government makes the best use of such vast funds as what comes from the foreign agencies and the Centre is coming

largely as loans with substantial interest rate. If the borrowed funds are misused or the schemes botched Sindh's debt burden will become too heavy.

Already Sindh is paying 30 percent of its revenues as debt-servicing charge to the Centre. At Rupees 5.81 billion this outflow of funds from Sindh is far larger than its ADP of Rupees five billion. Hence the province needs the most efficient and effective use of its development funds and create a large number of employment opportunities.

When he presented his budget last year the provincial Finance Minister Liaquat Jatoi promised to create 50,000 jobs; but too few of those jobs were created. How many jobs he creates this year to solve the "grave and gruesome problem of unemployment," as he described it, remains to be seen. But the Prime Minister's five billion rupee programme seeks the appointment of 2,000 policemen, 1,500 doctors, 100 engineers, 500 graduates, 1,000 post-graduates in science and humanities and 10,000 teachers.

While the government can provide some jobs, it is the private sector that can create far more directly and indirectly. And the government has to get together with the industrialists and new entrepreneurs right now to end the investment stagnation in the province.

When the Prime Minister met businessmen and industrialists in Karachi last week he was frank in admitting that the level of investment in Sindh was zero. He said the prevailing situation in Sindh was responsible for the flight of capital. He conceded that the government efforts to step up investment cannot succeed unless the law and order situation improved in Sindh. He spoke of revolutionary steps to boost investment.

But the revolutionary steps have to transcend the financial or fiscal concessions. For example, in the prevailing conditions Nooriabad is not doing much better for the tax holiday being returned to it, in the manner it has been done in Chunian.

"You give us peace and we will give you prosperity" said the members of the Karachi Chambers of Commerce and Industry who met the Prime Minister.

The efforts to enlist the cooperation of the industrialists have to be stepped up on a lasting and effective basis so as to revive the economy of the province in full. During the IJI [Islami Jamhoori Ittehad] rule of 20 months import of machinery and capital goods jumped up by 66 percent. How much of that came to Sindh? Very little, despite the awesome agricultural stagnation in Sindh with its static or declining productivity.

An industrial survey conducted a few years ago showed that Sindh had 55 percent of the industrial fixed assets in value and 53 percent of the gross industrial output, and 85 percent of the industries of the province was confined to Karachi. The picture is substantially different now.

Until the 1980s about 60 percent of the new investment in the country used to be in Sindh, 30 percent in the Punjab and ten percent in the other two provinces. By 1990 that pattern had changed in favour of 60 percent of the investment going to the Punjab, while Sindh had only 30 percent. And according to the PM [Prime Minister] the new investment in Sindh is now almost nil because of the lasting lawlessness.

This pattern has to be reversed and investment in Sindh increased in a big way. And that has to begin with the government and investors setting up a joint committee to identify the measures for the revival and progress of the economy.

When the businessmen of Karachi met President Ghulam Ishaq in January this year they had offered to convene a meeting of leaders of the various chambers of commerce in Sindh to work out a new strategy for the economic development of the province. They were expected to meet in February to draft such proposals; but nothing seems to have been done in that direction. It is time the government takes positive initiatives in this vital area.

While the efforts for new industrial investment continue, earnest efforts have to be made to revive the enormous number of sick industries. Since industrialisation in Pakistan began with Karachi it has a large number of old and sick industries which can be brought back to life and made to work to full capacity. Chief Minister Muzaffar Shahhad directed the Industries Department last month to conduct such a survey and also urged the setting up of small new units under self-employment scheme costing up to Rupees 15 lakh.

Simultaneously, the many bottlenecks in the way of the established industries working to the full capacity have to be removed quickly. They include inadequate water supply, frequent power failures and unsteady gas supply and a grossly faulty telephone system.

The city industries have also to be protected from harassment by the officials to obtain bribes and through an excess of red tape. Industrialists would not want to pay heavy taxes at one end and heavy bribes at the other.

Because of the excessive lawlessness, many industrialists have taken to trading in money. They have found it easy and cheap to set up Modarabas and leasing companies, investment banks and banks with small capital rather than go for industries and face a host of problems, including labour problems. Some more have sent their funds abroad, while a few have invested in the Punjab or the Frontier, and some have transferred their funds to foreign exchange accounts in banks which are free from taxation as well as zakat and protected from questions being asked about the source of the funds.

Steps have now to be taken to ensure that as much of the money available in Sindh is invested on industrial production and the industrial capacity of the province is steadily expanded. That can be done only through sustained government-private sector collaboration.

And Nooriabad should also be activated in a big way, and the industries for which plots have been allotted there should be enabled to come up as early as possible.

Cooperation of the Sindh Agriculture Chamber has to be sought to achieve a breakthrough in agriculture so as to end stagnation in the production of sugarcane, rice and wheat, etc. The rural areas have to be backed by agro-based industries. Banks and DFIs [Direct Foreign Investment] in the province have to be ready to assist in the industrial revival in Sindh instead of preferring to lend to investors in the Punjab.

The government has to reach out to the opposition at one end to restore democratic normality and seek the cooperation of the investors at the other end. The package thus worked out has to be given effect as soon as the army action ends. Otherwise the unemployed and the frustrated may find that their basic problems remain the same. And after the old dacoits are eliminated, new waves of younger elements may take to crimes as the only way they know of to make a livelihood.

### Majority of Laborers in Carpet Industry Said To Be Children

92AS1418G Lahore THE NATION (*Supplement*)  
in English 24 Jul 92 pp 7,17

[Article by Ehsan Ullah Khan: "Child Labour: The Foreign Exchange Earners"; italicized words as published]

[Text] Carpet bonded Child Labour is a serious problem in Pakistan, India, Nepal and Bangladesh, because it not only crushes human rights, but also promotes exploitation and repression of human values.

Carpet industry is one of the few sectors of economic activity in Pakistan which has grown tremendously during the past two decades. Among value added items, carpets are at the top of the list. After the Islamic Revolution in Iran in 1979, the carpet exports from Iran declined sharply. This gap in the market was filled to a greater extent by the Pakistani carpet industry. Beginning with the 70s there has been a dramatic increase in the export of carpets from Pakistan.

The current volume of carpet production is estimated at 35 million square feet. The current unit price of Pakistani carpets is about U.S.\$66-100 per unit.

This explosive rise in demand for carpets resulted in more and more expansion of the Industry into the fabric of rural life, where low wages, illiteracy and availability of children created the favourable conditions for the industry to grow. The production arrangements also underwent a change, whereas earlier most of carpet weaving was done at big central locations, where the owner would install several hundred looms and children and adults from surrounding community would come to work there, now most of the work is being done at home centre. Moreover it is socially more acceptable for the females to work at homes than at some other place. This may also be a way to evade taxes and legislations on child labour.

Despite the large volume of carpet exports, it is concentrated in relatively few hands. These major exporters operate mostly from big cities like Lahore and Karachi. Various kinds of middle men or *thekedars* are involved in the trade, who serve as link between the exporters and the producers. The oldest type of arrangement, where a large number of looms are established in one place. The children and adults from surrounding community come to work during the day. Very few of such weaving centres are operated by the traders themselves. Normally, they provide the looms and the material to the *thekedar*, who lives in a village.

The *thekedar* also receives some money as advance from the trader, from which he would give some as a loan to fellow needy villagers, who in turn, would send children to work at the weaving centre. Sometimes the parents also work along with the children. The loan or advance

system is more prevalent in the weaving centres located in central Punjab districts and Sindh.

The most common form of manufacturing arrangement in Pakistan, where the head of family receives a loan or advance (Pasghi) from the *thekedar* or exporters and would install one of two looms at the home. The material would be provided by the *thekedar*, and the payment would be made according to the amount of work done, normally after the completion of the carpet, depending upon the size and number of knots per square feet. The loan or advance is repaid, and if the family has to abandon the work, they have to repay the advance, which is normally very difficult, so there is no alternative than to continue working. There are no regular working hours, the family members, specially women and children would start in the morning and may continue even during the night, they can stop work whenever they feel like but normally children are seldom allowed to go and play with their mates during the day.

In addition there are carpet weaving centres being operated by Small Industries Corporation. These were established initially with the intention of imparting training to the rural people and to help them establish their own business. Lot of *thekedars* and trainers have learned the trade from these centres. The government sponsored small industry centres in all the provinces of Pakistan employ children age 4-12 for a petty sum of Rs [Rupees] 100-per month.

The general health of these children seemed much poor than those children of same age group, who do not work on carpets. It seemed that long working hours, uncomfortable sitting position, inadequate light and ventilation, and malnutrition and exposure to carpet wool through inhalation puts enormous stress on the child's health. It was also observed that 70 percent of children involved in the trade are punished either by their parents or employer if they try to evade the work. Parents and the employers also admitted, that they would punish the child if he did not obey them, they think the children would become vagrant if they are allowed laxity on work.

Most of the children woke up daily at or around 6:00 am. It was found that generally the girl children arose earlier than boys, because the girls, would help their mothers in cooking food for the family, and clean the house, and then would start working on carpets. The time schedule of girl children was much tighter than that of boys. A majority of the children work 10-12 hours with two hours break. Almost all the children had one rest day per week, with a few exceptions of those working at homes, where some parents insisted upon the children to work even on Fridays. Again in this regard girl children were less likely to have a rest day than the boys.

In public as well as in private sector about half a million children work like slaves. These children also stand exposed to the hazards of child abuse and narcotics addiction. In Karachi and Hyderabad 20 percent of these children die of overwork and diseases like tuberculosis

and cancer before the age of 12. In 70 percent export products child labour is involved, especially in carpets, leather, cotton and rice which implies that the exporters are earning millions of dollars due to cheap bonded child labour and the whole system is working behind it.

It must be realised by each and every buyer of hand-made carpets that the bonded child labourers are the unknown, unsung and unrewarded hero artisans behind the beauty of these carpets. Every such carpet necessarily involves children's human rights violation. In fact, these ruthlessly exploited children are the real foreign exchange earners but they don't have milk, toys, books, clothes, shoes and shelter.

The voice against the bonded-labour system and child workers in the brick kiln was raised in 1965 by Bhatta Mazdoor Mahaz. After sustained and continuous struggle for 21 years this bore fruit on 18 September, 1968, when the Supreme Court of Pakistan gave the verdict that Bhatta Mazdoor's are bonded and that their exploiting system exist in Pakistan. This was when the BLLF (Bonded Labour Liberation Front) was organised. The BLLF then voiced the plight of bonded labour on national and international levels. After 25 years finally the law regarding abolition of bonded labour system has been promulgated on 17th March, 1992.

The legislation is made but the practice is still going on. Even the higher courts up to now has not realised the gravity of this problem.

The focus of BLLF's efforts now is also on the education of the boys and girls of the bonded labourers and through a programme called "Struggle Against Slavery Through Education." They have set up 122 primary schools in all the four provinces of Pakistan and 5000 free bonded children study now in these schools. BLLF has also set up six schools for the gypsy tribes of Balochistan.

In view of the gravity of the situation in South Asia, BLLF made some suggestions.

U.N. should appoint a special reporter for bonded labour and child labour in SAARC [South Asian Association for Regional Cooperation] countries.

To impress upon all governments to frame effective laws for the abolition and elimination of bonded labour system. In countries where such laws exist, as well as in those in which legislation has yet to be enacted governments should be persuaded to accelerate the implementation of anti-slavery measures. Every government please be requested to announce a deadline for total abolition of human bondage in all its forms.

To declare an International Day for the global abolition/elimination of Bonded Labour System.

To make effective arrangements of legal aid for the workers and education for their children in South Asia.

To coordinate united struggle against child work in Asia.

To launch a campaign on international level that consumers should not buy carpets and other articles made by children.

### Child Labor Said Prolific in Agriculture

92AS1418F Lahore THE NATION (Supplement)  
in English 24 Jul 92 pp 6-7

[Article by M. Asghar Cheema and Saif-Ur-Rehman:  
"Economic Activities of Children in Rural Area"]

[Text] No one would claim that children are desired solely or even primarily because of their value as productive economic assets, but it would be a rare case in which this consideration was entirely absent. Especially in the areas where income level is low, defensive measures for old age are rare, land is freely available and hired labour is difficult to obtain, households have little incentive to attempt to limit their fertility and probably do not. In agrarian countries, share of children in the generation of income is important as they perform many roles at various stages like cultivation, harvesting and upkeep of the farm.

From the perspective of the parents in many parts of the developing world, high fertility and large number of surviving children may be economically "rational" proposition. An important consideration with respect to the micro implications of high fertility is the economic roles and the productive contributions of children during the period when they are the members of their parents' household and their output is controlled by the parents.

The situation described above is more or less prevailing in traditional, low income and agrarian societies including Pakistan. Pakistan is predominantly an agrarian country. Population during 1991 is estimated to have reached 120 million mark, and the growth rate is 3.1 percent annually. About 72 percent of the population was reported to be living in rural areas, while 28 percent of national population was reported to be urban dwellers. In rural areas, people's level of living is lower, the housing problem is acute, illiteracy is widespread (about 74 percent of the total population is illiterate) coupled with a multitude of other problems. Per capita income in Pakistan is one of the lowest in the world. The whole situation is a set of causes and reasons which are responsible for compelling the people to engage their off-spring in employment activities so that they could become producer instead of consumers. The children participate more or less in all the agricultural operations, except one or two major operations especially undertaken by men.

Children of both sexes begin their economically useful lives at an early age. The activity of children (the amount and nature of labour they supply) can best be understood in the context of the household's demand for labour. Labour requirements can be somewhat arbitrarily divided into (1) labour necessary for the maintenance and upkeep of household which is not directly productive in the sense of generating income or contributing to

physical capital formation, and (2) labour necessary for generating income and capital, what we call productive work. Included in the first category, which we categorise as "enabling" labour insofar as it frees other household members to engage in activities that are directly productive, for example, housework activities such as cleaning and sweeping house and compound, washing clothes and utensils, preparing food, cooking, providing cooking fuel and water, shopping for home consumption and caring for young babies. The second category of productive work is made mainly of activities related to agricultural cultivation, including animal husbandry. Young children would normally perform unproductive activities permitting the household head and other males to cultivate the family land and engage in other income producing work.

A case study conducted in rural areas of District Faisalabad shows that male and female children of 40 percent and 7.5 percent respondents, respectively, were working, out of which 96.88 percent male and 88.89 percent female children shared family income as shown in Table 1 [not reproduced]. The percentage of the respondents whose male and female children indirectly contribute to the family income is 24.17 percent and 55.42 percent, respectively.

The study further revealed that agriculturalists had higher expectations from their sons as shown in Table 2 [not reproduced]. Table 2 indicates that among agriculturalists, 98.68 percent of the respondents expected their sons to give them part of their salary, their support in old age, and contribute money in family emergencies. And 91.37 percent of the agriculturalists expect their sons to support their younger brothers and sisters through school.

Table 3 shows that 46.06 percent of agriculturalist respondents expected their daughters to give them part of their salary, 42.1 percent expect old age support, 48.68 percent expect their money contribution in family emergencies and 57.90 percent expect to help their younger brothers and sisters through school. While the majority of the non-agriculturalists parents expected their daughters to give them part of their salary, their old age support, their money contribution in family emergencies and to help their younger brothers and sisters through school. This shows that overall non-agriculturalist parents expected more from their daughters. This happened due to the reason, agriculturalists seemed to be more traditionalist and fundamentalist.

Usually children begin to perform useful household and more directly productive task by age 6. As children mature physically, additional responsibilities are

assumed. But it is equally important to realise that the value of children does not exclusively remain economic. There are other values which are equally important in the context of raising children.

Islam in the context of "rights of children" says "Every child has a right to be maintained properly by his or her parents. Children have to be treated kindly, apart from the fulfilment of material needs and a decent treatment. Children also deserve to be well-trained and educated. If parents are, for some reasons, unable to discharge their obligations towards a child, it becomes the responsibilities of the state or community to fulfil these obligations at public expenses."

UNICEF's State of the World Children's Report, 1991 is a bold document. It seems to change society's ethic and outlook in respect of children. The report demands that the norm should be universally recognised that children are the first to benefit from mankind's successes and should be the last to suffer from its failures. Given the vulnerability of children and their total dependence on adults for the fulfilment of their physical, emotional and intellectual needs, the approach prescribed by UNICEF is fair and judicious.

It should be the duty of all of us to ensure that today's children are physically, emotionally and educationally equipped for the future. Our responsibility is to meet their needs for health care, nutrition, protection, economic support and education. But majority of the parents who are directly responsible for the well-being of their offspring are themselves the victims of poverty, ignorance and exploitation. Hence, it is unrealistic to expect them to work for the improvement of the lot of their children without any outside assistance and motivational intervention. It is here that the government's role becomes so crucial.

Eight million working children in Pakistan is too great a number to be ignored. No recommendation regarding child labour or conditions can be effective unless we first learn to accept these hazards and the great psychological impact they will have on the individual and further on spill into the rest of the society.

Keeping in view the dependent status of children, it is impossible to talk of children's rights, or fates separately from those of their communities indirectly. It shows that how the patterns for different socio-economic groups exist and where the tendencies are leading to, knowing of which can help in sound planning and taking actions by pin-pointing the precise target groups. If society makes children its first priority in every field of life, there is no reason why resources cannot be mobilised and a strategy devised to improve the conditions and prospects for the citizens of tomorrow.

NTIS  
ATTN PROCESS 103  
5285 PORT ROYAL RD  
SPRINGFIELD VA

2

22161

|||||

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

#### SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.